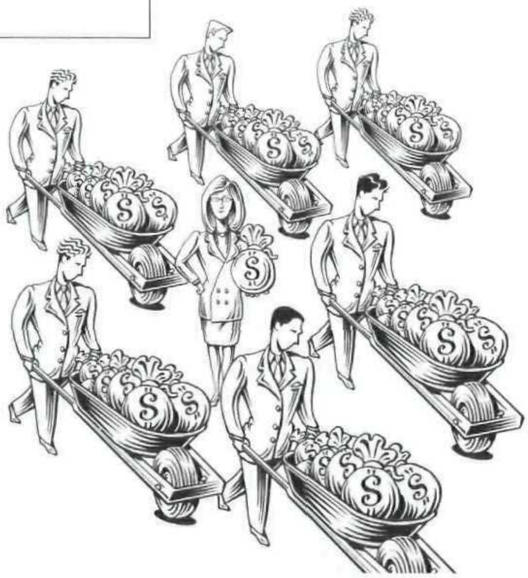
TRENDS & Ideas

MANAGEMENT

Female CEOs Lack the Big Bucks



Illustrations by Tom Dineen

In 2000, female CEOs took home far less in pay than their male counterparts–and, surprisingly, less than many lower ranked female executives, according to Louis Lavelle of *Business Week.*

In *Business Week's* annual analysis of the highest paid female executives, many surprising statistics came to light. Of the 30 highest paid female executives listed, only three were CEOs–at ranks of only 14th, 24th, and 26th. The highest of these, Andrea Jung of Avon Products, was outearned by multiples of three and four by lower ranked executives at other companies.

Part of the explanation lies in the fact that many female CEOs didn't cash in as many stock options as other executives. And, in several instances, their companies had less than stellar years. These poorer-performing "old economy" companies, which tend to do a better job at promoting women, simply pay less than newer tech companies, which do not have as level playing fields.

But the most important reason for this disparity is the low number of female executives in every industry. Women only account for 171–or 3.9 percent–of the 4,341 highest paid executives at the 825 companies *Business Week* analyzed. And, fewer than 1 percent of the companies had a female CEO.

Experts say that barriers to women reaching the top include lack of experience in operational issues to exclusion from typically male social networks. As Debra Meyerson, a visiting professor on gender issues from Stanford University, states, "The more senior they get, the more subtle the barriers become, and the more profoundly they operate."

The most striking comparison may be female CEOs' direct comparison to their male counterparts. The 20 highest paid male executives averaged $138.5 million, whereas the 20 highest paid female executives averaged less than one-tenth of that–$11.2 million apiece.

One positive finding is that women accounted for 7.3 percent of corporate officer positions, up from 5.3 percent in 1996. Although not extreme, in light of these data any improvement is something to cheer about.

HOSPITAL MANAGEMENT

The Length of Stay Quandary

Controversy and class action suits have brought a medical guideline to the forefront of the battle over health care dollars–length of stay. Hospital stays have long been an element factored into the managed care payment system, but the national furors over 24-hour childbirth stays and outpatient mastectomies have made the health care consumer aware of the statistics used to deny or grant payment in certain situations, writes Helen Lippman in *Business & Health.*

Length of stay guidelines are mainly determined by one major player: Milliman & Robertson, a Seattle-based actuarial firm. Although competing firms provide guidelines on patient care and length of stay, M&R is the dominant player. Medical directors and executives of managed care plans decide whether to buy a set of guidelines from a provider such as M&R–and choose exactly how to use those guidelines.

Pat Wang, senior vice president for finance and managed care at the Greater New York Hospital Association, says plenty of room for variation exists. "Just about everyone is using M&R guidelines," she claims, "but the way they are applied is influenced by the culture and philosophy of the plan." Some plans are rigid in sticking to the guidelines, but others reach out to physicians for input and are more flexible. Very different results can therefore occur; two different patients on the same floor with the same diagnosis can have completely different length of stay coverage depending on their insurance plans.

These guidelines are often criticized for being actuarial rather than clinical. And, in fact, M&R does preface each volume of statistics with the note that the guidelines "should not be used as the sole basis for denying authorization for treatment . . . or as the sole basis for denying payment for treatment received." Interestingly, no organization suggests that the guidelines be eliminated or length of stay no longer be recorded, but rather that the data be seen merely as one piece of the payment pie.

What will calm the waters of this argument, state many experts, is an increased focus on best practices, elimination of treatment variation, and revised protocols–quality improvement measures that invariably affect patient length of stay and ease managed care plan payment tensions.

THE WORKPLACE

"Dot-Com" Styles Hang On

Big egos are out and humility is in since the stock market crash of so many computer-based companies last year, writes Michelle Conlin in *Business Week*. But even so, she says, a number of cultural developments from the "dot-com" era are still around.

Among these is the furnishing by some companies of connoisseur coffee to their workers. In fact, says Richard Wyckoff, president of Aramark Refreshment Services, the nation's top coffee supplier, sales of office espresso machines tripled in the past year. The 1990s coffee habit has "spilled over into a legacy," Wyckoff says.

Some things have changed, of course. The international recruiting firm Korn/Ferry has brought back its dress code, for example. Men's Warehouse, Inc., a clothing retailer, and the fashion designer Joseph Aboud have launched a campaign to persuade businessmen to abandon the casual wear of the late '90s for the traditional suit.

But many of the old trends linger. Although many Silicon Valley-type firms failed, the survivors still compete for computer-savvy workers. As the U.S. economy adapts itself to a hectic global pace, companies of *all* types must recruit employees willing to spend long hours in the office. Bosses also vividly recall the great labor shortage of the '90s. Thus they continue to try to fit the job to the worker, rather than the other way around.

Skilled employees, for their part, continue to behave like free-agent athletes. They expect companies—and even departments within companies—to bid for their services.

To retain such workers and to sign up new ones, employers offer such perks as management retreats, special awards, and help with care for children and older dependents. Deborah K. Holmes is the director of the Center for the New Workforce, an organization aimed at helping Ernst & Young LLP's employees integrate their work and their private lives. Contemporary employers must remain flexible, she believes. "People will have nine jobs by the time they are 30," she says. "We'd be delighted to be two or three of those jobs."

DEMOGRAPHICS

Heading for the Hills

Which state had the highest rate of population growth between 1990 and 2000? No, not Colorado, which, with more than 1 million new residents, showed the largest total growth; its growth rate was only 16.6 percent. Idaho, which gained 287,000 residents, a rate of 21.9 percent, was the nation's leader, writes Alison Stein Wellner in *American Demographics*.

According to Census 2000, several states that had slow or even negative growth between 1980 and 1990 were among the leaders in the 1990s. Colorado was second in growth rate in the '90s, but then it had already shown a 14 percent rate in the previous decade.

Much more surprising were Montana, number seven in the 2000 census (1.5 percent in the '80s; 11.4 percent in the '90s); Wyoming, number five (a negative 3.5 percent rate in the '80s; 12.4 percent in the '90s); and Iowa, number 10 (a negative 4.7 percent rate in the '80s; 10.1 percent in the '90s).

In general, the Census 2000 data seem to indicate two trends:

- Americans are now moving to the country rather than, as before, to the suburbs.
- Retirees are now moving to the northwest rather than, as before, to the Sun Belt.

Indeed, California and Florida were among the bottom 10 in growth rate. Florida, number 49, had a negative 9.2 percent rate in the '90s (as opposed to a positive 32.8 percent rate in the '80s) and California, number 50, had a whopping negative 11.9 percent rate in the '90s (against a positive 25.7 percent rate for the previous decade).

Non-Hispanic whites seem to be pushing population growth in the top 10 states. In Idaho, such people constituted 83 percent of the growth, a proportion much exceeding the 60 percent that contributed to the U.S. population growth on average. It also seems clear that immigration from other states, not births, was the primary cause of growth in the top 10 states.

However, Idaho and the other current growth leaders will probably not maintain that status unless they start attracting minority migrants.

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