

Sourcing and Procurement Managers Seeing Compensation Still Rising

Annual ISM Study Says Overall Salaries Rose 6.8 Percent in 2008; Is there a Real Gender Gap?

SCDigest Editorial Staff

Most observers believe the role of procurement and sourcing continues to rise in importance in most organizations – a role that in some respects may be even greater during the current downturn.

So it should not be a surprise that the [annual Institute for Supply Management \(ISM\) salary report](#) shows solid overall growth in compensation for purchasing and procurement professionals.

The study collected responses from just over 1000 supply managers from across the US. In general, SCDigest would expect the numbers to be somewhat biased to the upside, as those feeling good about their salaries may be more likely to respond to the survey than those feeling less good.

Overall, supply management professionals earned 6.8 percent more in 2008 than in 2007, with an average salary (including base pay and bonuses) of \$98,117. The median salary, however, was slightly lower, at about \$84,000.

More over, 35% reported salaries of over \$100,000, up from 31% the prior year.

Chief Procurement Officers reported an annual salary of \$256,000, although that seems on the low side for large corporations if bonuses and stock options are considered.

The data is perhaps most interesting for comparative purposes in looking at some of the other slices of the results.

For example, by title level, in addition to the CPO number listed above, compensation came in as fol-

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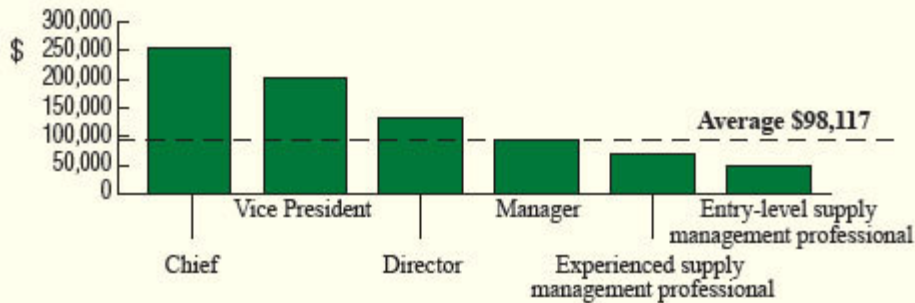
- VP of Purchasing or Procurement: \$201,000
- Direct Level: \$131,000
- Manager Level: \$93,000
- "Experienced" Staff Member (3+ years): \$69,000
- Entry Level (less than 3 years): \$48,000

From an educational perspective, those with doctorate degrees earned by far the most (\$193,000). Practitioners with Master's Degrees earned \$125,000, versus \$92,000 on average for those with just Bachelor's degrees.

With this kind of data, however, association does not equal causation. For example, the above education results don't necessarily mean that getting a Master's degree will result in that type of salary. It may be that more talented or ambitious people also tend to get more advanced education (or may even be more encouraged to do so by employers). Or, more advanced degrees may be more likely to be achieved by those who have been in the profession longer and who would thus be more likely to

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Average Salary by Position



Source: Institute for Supply Management 2009

have higher salaries.

Still, this data is useful as one data point in comparing where an individual may be at versus industry peers.

Not unexpectedly, experience is perhaps the single biggest driver of total compensation. Those with 20 or more years of experience average \$109,000; 11-20 years came in at just over \$97,000; 6-10 about \$92,000 on average, and five or less years about \$71,000.

The data showed that those with the relatively new Certified Professional in Supply Management designation – offered through ISM – had average compensation about 13% higher than those without this credential. The older Certified Purchasing Manager designation showed a much

lower delta (2.5%). But again, there may be other factors in the differences besides obtaining the credentials.

There was a gender gap, although the source of this difference is not clear. Nevertheless, on average males in supply management earned 27% more than females, a pattern that repeated itself to varying degrees across most title and educational levels. However, there were some exceptions. For example, women at the VP level reported on average actually receiving higher salaries than their male counterparts.

What will happen with salaries overall in this recession year across any discipline is unclear – how procurement fairs versus other white collar jobs may provide interesting insight into the relative importance of procurement with today's enterprise.