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Next Level Purchasing

Helping Purchasers Become Indispensable

Purchasing & Supply Management Salaries in 2011

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Introduction

“How well am I paid?”

That question is on the mind of purchasing and supply management professionals throughout the world. And it has been difficult to answer...until now!

The Purchasing & Supply Management Salaries in 2011 Report is provided to give you, the purchaser, insight into the compensation of your peers throughout the world. Not limited to specific geographies, this report slices and dices salary statistics to give you the best benchmarks you have ever encountered for your specific situation.

All of the data used in this report were gathered in a survey of purchasing and supply management professionals. Over 2,100 purchasing and supply management professionals from around the world participated in this survey to salaries in the profession. Survey responses were collected in late 2010. Though this is Next Level Purchasing's first salary report, Next Level Purchasing is planning on conducting these surveys annually so that salary trends can be tracked over time.

This report will be read by purchasing and supply management professionals in over 100 countries around the world. Unfortunately, it is not practical to publish the monetary values expressed in this report in each reader's home currency. Therefore, US dollars will be used. If you wish to convert the currency values into your home currency, you can find a currency converter at www.xe.com. All salaries will be expressed as annual figures.

Salaries were analyzed nine ways:

1. Average Purchasing & Supply Management Salaries
2. Salaries by Continent
3. Salaries by Supervisory Status
4. Salaries by Title
5. Salaries by Education Level
6. Salaries by Years of Purchasing & Supply Management Experience
7. Salary Premium for SPSM® Certification
8. Salaries by Industry
9. Salary Premium for Large vs. Small Organizations

These nine analyses form the nine primary sections of this report. In these sections, Next Level Purchasing will share formal statistics as well as its casual observations so that you can share in the interesting experience of observing patterns in the data. Enjoy!

Average Purchasing & Supply Management Salary

The intent of this section was to come up with a single figure to represent purchasing and supply management salaries. When the average overall salary of all respondents was revealed to be \$46,031, there was a bit of surprise among the members of the analysis committee.

Reports from North American-based organizations, such as the now-defunct Purchasing Magazine, had traditionally shown the average purchasing salary to be higher. However, when North American salaries were separated from the rest of the data, the numbers became less shocking. It was clear that North American purchasing and supply management salaries are higher than salaries in many other parts of the world. Table 1 illustrates the average salary overall and how North American salaries differ from averages elsewhere.

Table 1 – Average Purchasing & Supply Management Salaries

Category	Average Salary
Overall	\$46,031
North America	\$69,831
Outside of North America	\$36,563

Salaries by Continent

Obviously, separating out North American salaries left the analysis committee wondering if any other continent was skewing average salaries higher. It was interesting to find that the highest purchasing and supply management salaries were earned in Europe.

It was also interesting to find that purchasing and supply management professionals in Australia/Oceania had comparable salaries to their counterparts in Europe and North America. But perhaps the most shocking finding was the large gap between the average salaries in the top three continents and the bottom three continents: over \$30,000 separates third place Australia/Oceania from fourth place South America. Table 2 illustrates the average salary in each continent.

Table 2 – Average Salary on Each Continent

Continent	Average Salary
Africa	\$27,884
Asia	\$34,690
South America	\$36,549
Australia/Oceania	\$68,303
North America	\$69,831
Europe	\$70,250

Salaries by Supervisory Status

Thus far, we have looked at purchasing and supply management salaries as “one big number.” Yet not all purchasing and supply management jobs are equivalent. Therefore, some further distinctions need to be made to ensure that job function is considered in reporting average salaries.

The most basic way to segment job functions is simply to compare salaries for supervisory positions to salaries of non-supervisory positions. The results illustrated in Table 3 make it clear that aspiring to a management position is a path to higher compensation.

Table 3 – Average Salaries for Non-Supervisory & Supervisory Positions

Category	Average Non-Supervisory Salary	Average Supervisory Salary
Overall	\$40,836	\$48,540
North America	\$60,708	\$79,657
Outside of North America	\$24,779	\$41,486

Salaries by Title

While in small companies purchasing and supply management departments may be segmented simply into supervisory positions and non-supervisory positions, larger companies often have many layers of management. Therefore, for salary benchmarking purposes, it is even more helpful to segment average purchasing salaries into discrete positions.

There are countless titles used to describe various purchasing and supply management positions. Please note that, in order to limit the scope of titles to those five listed in Table 4, Next Level Purchasing applied the following consolidation scheme and asked survey respondents to choose the title most similar to their own:

- Junior Buyer = Expediter, Junior Buyer
- Buyer = Buyer, Purchasing Agent, Procurement Specialist
- Purchasing Manager = Purchasing Manager, Supply Manager
- Purchasing Director = Director of Purchasing/Procurement/Supply Chain
- Vice President of Purchasing/CPO = Vice President of Purchasing/Procurement/Supply Chain, Chief Procurement Officer

Table 4 – Average Salaries of Various Positions

Title (see text for consolidation logic)	Overall	North America	Outside of North America
Junior Buyer	\$15,874	\$44,667	\$13,042
Buyer	\$32,942	\$55,053	\$20,770
Purchasing Manager	\$50,707	\$71,479	\$42,892
Purchasing Director	\$88,550	\$101,306	\$79,736
Vice President of Purchasing/CPO	\$110,692	\$122,889	\$107,556

Salaries By Educational Level

If you have ever had to make a student loan payment, you probably are hoping that individuals who have earned degrees make more than those who haven't and that those with advanced degrees out earn those with lower-level degrees. The statistics gathered should put you at ease. Table 5 illustrates the average salaries at various education levels.

Table 5 – Average Salaries by Education Level

Education	Average Salary, Overall	Average Salary, North America	Average Salary, Outside of North America
High School or Less	\$42,960	\$60,060	\$27,323
Associate's Degree	\$42,999	\$63,952	\$29,470
Bachelor's Degree	\$42,725	\$70,898	\$32,306
Master's Degree & Higher	\$54,361	\$85,497	\$47,618

Salaries by Years of Experience

Although the economic downturn of 2008 and 2009 resulting in many salaries being cut, traditionally salaries increase incrementally each year. Therefore, one would expect that individuals with more tenure in the profession would be its highest earners. The data represented in Table 6 support that logic.

Table 6 - Salaries by Years of Purchasing & Supply Management Experience

Years of Experience	Overall	North America	Outside of North America
0-2	\$20,171	\$49,092	\$15,043
3-5	\$34,619	\$57,539	\$29,226
6-10	\$43,044	\$67,932	\$34,980
11-20	\$60,427	\$72,481	\$53,828
21-30	\$67,533	\$78,225	\$57,925
31+	\$99,035	\$103,287	\$90,000

Salary Premium for SPSM® Certification

The statistics in the preceding two tables imply that more education and more experience equate to more value for the employer. The natural conclusion is that the more educated, more experienced individuals can make more significant contributions to the employer.

However, another factor impacts the capabilities of purchasing and supply management professionals: whether or not they have earned the SPSM® Certification. Additional statistics gathered during the survey illuminate the fact that those who have earned the SPSM® Certification contribute more to their employers and earn more as a result.

In fact, participants who have earned the SPSM® Certification achieved an average of \$2,133,001 per person in annual cost savings and avoidance for their employers compared to \$1,656,974 for those who have not earned the SPSM® Certification – a difference of \$476,027 per person per year. The actual difference may truly be much higher as the Senior Professional in Supply Management® Program teaches a more conservative, verifiable approach to reporting cost savings and avoidance that ensures the recognition of legitimacy by senior management and Chief Financial Officers. Without such an education, purchasing and supply management professionals are more likely to overstate their cost savings. Considering that the current all-inclusive cost to enroll in the Senior Professional in Supply Management® Program is only \$1,149, employers were rewarded handsomely for their investment.

While the preceding paragraph clearly indicates the financial benefit to employers for developing the skills of their employees, the individuals themselves stand to gain. The survey revealed that those who have earned the SPSM® Certification have an average annual salary that is 10.4% higher than those who have not earned the SPSM® Certification.

Salaries By Industry

While the preceding three sections clearly demonstrate that the characteristics of the salary earner (i.e., internal factors) strongly influence compensation, the survey revealed that the power of the environment (i.e., external factors) on salaries cannot be ignored. The first external factor is the industry in which the purchasing and supply management professional works. Table 7 illustrates the average salaries for dozens of industries. It is fascinating to note that the average salary in the top industry is more than four times larger the average salary in the bottom industry.

Table 7 - Salaries by Industry

Industry	Average Salary
Computer Design Services	\$ 104,375.00
Chemical Production	\$ 81,093.95
Wood and Paper Products	\$ 80,040.80
Casinos, Racetracks and Amusement	\$ 78,666.67
Medical Equipment	\$ 71,928.57
Computer Equipment	\$ 63,693.56
Insurance	\$ 63,436.36
Industrial Equipment	\$ 60,074.73
Management Consulting Services	\$ 59,277.05
Cigarette Manufacturing	\$ 58,500.00
Commercial Machinery	\$ 51,400.00
Government Offices and Services	\$ 50,873.92
Communications Equipment	\$ 49,964.29
Oil and Petroleum	\$ 49,910.07
Construction	\$ 49,143.57
Transportation Providers	\$ 48,678.57
Power Generation and Distribution	\$ 48,008.48
Consumer Goods Manufacturing	\$ 47,139.51
Medical Providers	\$ 47,096.94
Metal Products	\$ 46,533.29
Appliance Manufacturing	\$ 46,200.00
Electrical Components	\$ 45,904.08
Apparel and Fabric Manufacturing	\$ 45,510.92
Pharmaceutical Manufacturing	\$ 45,495.65
Business Services	\$ 43,975.89
Food Service	\$ 43,549.78
Financial Institutions	\$ 43,071.73
Education	\$ 41,063.14
Motor Vehicles	\$ 40,995.97
Food Manufacturing	\$ 40,891.75
Commercial Printing	\$ 40,615.33
Engineering Services	\$ 39,811.70
Mining	\$ 39,733.53
Telecommunications	\$ 39,427.52
Cosmetic Goods	\$ 34,613.99
Scientific Research and Development	\$ 33,095.21
Grocery and Drug Stores	\$ 32,220.00
Plastic Products	\$ 32,216.28
Hotels	\$ 28,906.39
Software Providers	\$ 26,852.60
Warehouse and Storage	\$ 24,398.53
Farming and Agriculture	\$ 24,112.82

Salary Premium for Large vs. Small Organizations

The industry was not the only external factor influencing salaries. The size of the employer made a big difference.

We wanted to determine if “big company” purchasing and supply management professionals make more money than their smaller company peers. There is no universally accepted definition of small company or large company so we, somewhat arbitrarily selected \$1 billion in annual revenue as the demarcation point that separates big companies from small companies.

What we found is that there is indeed a salary premium paid by bigger companies. In fact, North American organizations with over \$1 billion in annual revenue pay their purchasing and supply management employees 27% more than companies with less than \$1 billion in annual revenue. The premium was slightly higher – 28% - outside of North America.

Conclusion

In summing up this first salary report from Next Level Purchasing, the phrase that comes into mind is “it depends.” For purchasing and supply management professionals wondering “How well am I paid?”, the answer isn’t perfectly clear. Salaries vary wildly based on factors ranging from location to qualifications to industry and more. However, one can review the tables and narrative in each section and identify the categories most similar to their own situation and use that data to develop a range of expectation for their salaries.

The purchasing and supply management profession is obviously one in which individuals can have a very rewarding career. It is Next Level Purchasing’s hope that this report inspires you to have more clear aspirations about where you want to go in your career and helps you develop more accurate expectations about how you will be compensated once you get there.

This report is written and published by Next Level Purchasing.

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Next Level Purchasing

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Are you struggling to have a rewarding purchasing career? Next Level Purchasing, Inc. was founded to help you.

Whether you want to learn about purchasing and supply management by reading free articles, sharpen your skills in a specific area such as negotiation, or earn a valuable certification while getting a comprehensive education in supply management, Next Level Purchasing can help you achieve your personal and professional goals.

Next Level Purchasing was founded in 2000, introduced the SPSM® Certification on July 1, 2004, and launched the SPSM2® Certification on July 1, 2009. Since its introduction, prestigious organizations from throughout North America, South America, the Caribbean, Europe, Asia, Africa, and Australia have enrolled their purchasers in the Senior Professional in Supply Management® Program.

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