



ISM[®]'s 2014 Salary Survey



May
COVER STORY

By Paul Shik Lee Jr.

While organizations continue to be wary of expenses overall, the good news is the increasingly complex and competitive nature of supply management bodes well for supply chain professionals.

It's time to reflect on the year that was and review what our colleagues have to say about their salaries for 2013. Owing in large part to the continued softness of the job market, salaries and compensation took a step back compared to 2012. While employers' willingness to pay declined slightly, there was a notable change in supply management professionals' attitudes with regard to what they look for in a job. This year, we see the clear ascendance of compensation as their most important factor when evaluating opportunities.

ISM's *Ninth Annual Salary Survey* finds that the average base compensation for all participating supply management professionals was US\$101,608, a decrease of 2 percent compared to the average for 2012 (\$103,793).

The median salary for 2013 decreased 1 percent to \$88,000 versus \$89,000 in 2012. The average base salary of the top 10 percent of earners was \$239,648, down three-tenths of 1 percent compared to \$240,326 in 2012. The average base salary of the top 5 percent of earners was \$298,420 for 2013, up 2 percent compared to \$292,483 the year before.

Finally, the proportion of supply management professionals earning \$100,000 or more (38 percent) declined 2 percent compared to 40 percent for 2012.

For 2013, as in previous years, ISM asked participants about their base pay, and then, separately, how much it changed between 2012 and 2013. Asking two questions (rather than computing one from the other) allows ISM to analyze both in isolation. However, this can sometimes yield apparently inconsistent results, where the salary average overall goes in one direction while the average reported change in salary goes in the other direction, as is seen this year.



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Key to Charts



Overall, the change in base compensation received by supply chain professionals was reported to be up 3.8 percent. In all, 84 percent of respondents reported that their base salaries increased (compared to 78 percent in 2012) and only 5 percent reported salary reductions (matching 2012).

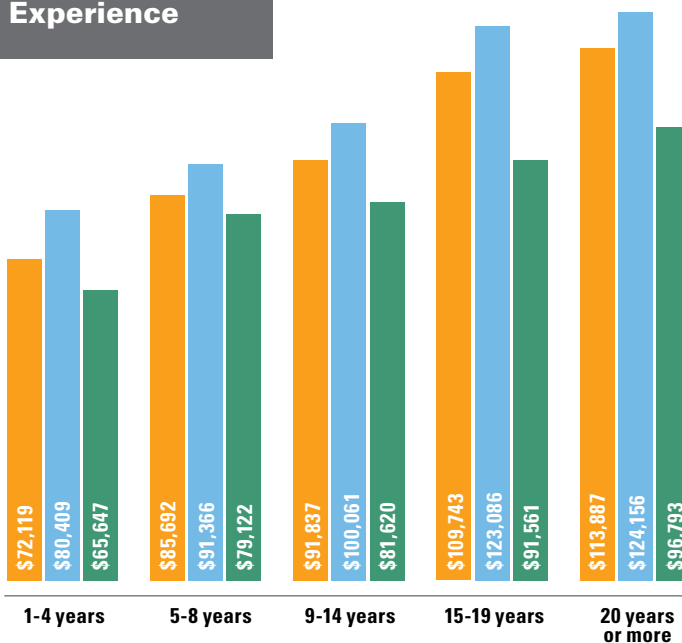
Those who experienced an increase in salary reported that improvement to be 4.1 percent on average — down slightly from 4.6 percent in 2012. The small minority reporting a salary decrease in 2013 saw their gross shrink by 0.3 percent, an improvement from a loss of 5.5 percent for that group in 2012.

A strong majority saw 2013 as a year to focus on improving their personal cash flow. Respondents were asked to indicate and rank (with 1 being highest) 14 factors that are commonly looked to when evaluating employment opportunities. By both measures, the most important was wages paid (an average rank of 2.8, and mentioned by 81 percent of respondents). Likely job satisfaction was the second most important factor, with a rank of 3.9 and mentioned by 74 percent of respondents.

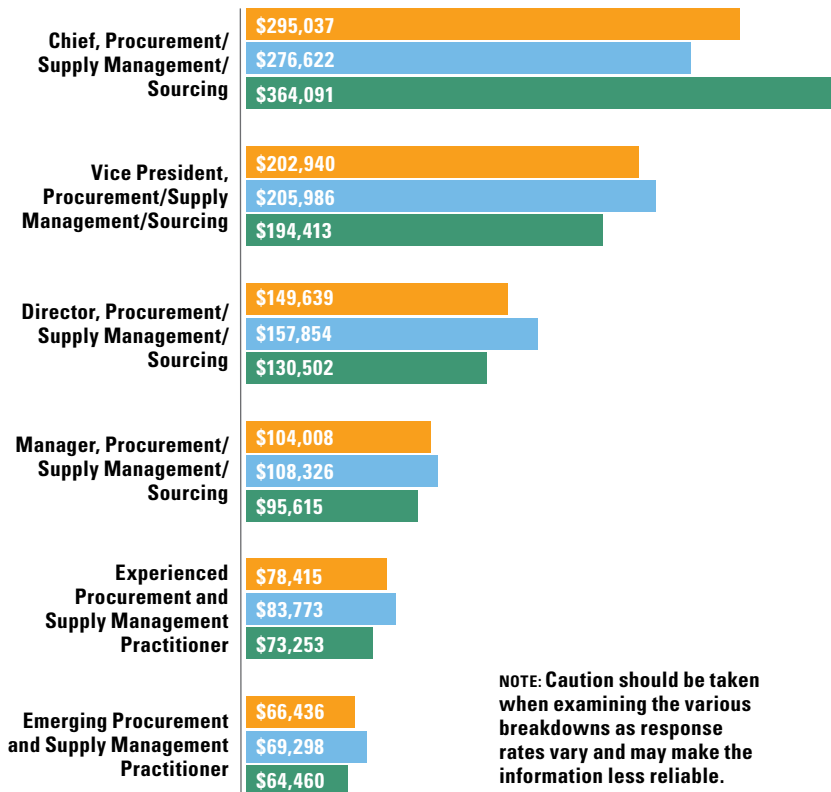
The next five most important factors, by average rank and percentage, were: the prospect of improved work/life balance (4.7, 70 percent); benefits package offered (including medical, dental and vision) (4.8, 68 percent); pension or other retirement plan (5.5, 67 percent); financial stability of the organization (5.5, 62 percent); and the organization's culture (5.6, 60 percent).

The least important factors were: educational opportunities (9.3, 36 percent); health and wellness programs (10.1, 33 percent); and the potential employer's commitment to

Average Salary by Years of Work Experience

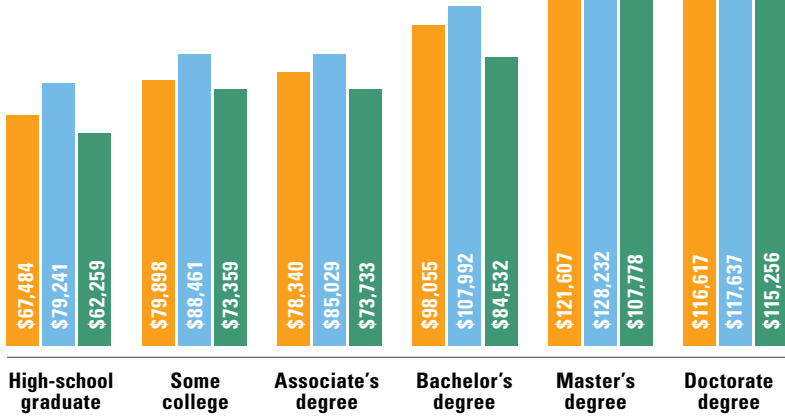


Average Salary by Position



NOTE: Caution should be taken when examining the various breakdowns as response rates vary and may make the information less reliable.

Average Salary by Highest Level of Education Completed



Average Salary by Industry



sustainability and social responsibility (10.7, 27 percent).

Bonuses, Stock Options and Benefits

When examining the elements that comprise the total compensation package, bonuses and stock options provide quite a boost to base pay. Sixty-two percent of respondents received a bonus this past year (down from 68 percent in 2012). Their average bonus was \$18,680, or 18 percent of average base salary (the same proportion as in 2012). On average, bonuses depended on a combination of company results (57 percent), department results (15 percent), individual results (25 percent) and other results (3 percent).

The median bonus in 2013 was \$8,300, up 4 percent from 2012. The average of the top 10 percent of bonuses paid was \$92,126, up 4 percent from \$88,662 the previous year. The average of the top 5 percent of bonuses paid was \$127,634 — up 11 percent compared to \$115,438 in 2012.

In 2013, 11 percent of respondents earned stock options, up 1 percent from 2012. The average dollar value of their stock options was \$29,435. The median value of stock options was \$13,000. Both the average value and median value of stock options declined compared to 2012: down 6 percent for the average (from \$31,206) and down a noteworthy 13 percent for the median (from \$15,000). The average value of the top 10 percent of stock options granted was \$147,960, up 4 percent compared to \$142,056 in 2012. The average value of the top 5 percent of options granted was \$204,429 — up a dramatic 20 percent compared to \$170,000 in 2012.

Employers continue to offer a wide range of fringe benefits, including: health insurance (offered by 95 percent of respondents' employers); pension/retirement plan/401(k) or similar plan (87 percent); dental insurance (86 percent); life insurance (83 percent); vision insurance (76 percent); short-term disability (72 percent); long-term disability (69 percent); tuition reimbursement (68 percent); wellness programs (64



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percent); paid training/professional certification (55 percent); personal communication device (cellphone, laptop, PDA, etc.) (54 percent); paid maternity/family leave (48 percent); performance bonuses (43 percent); association membership (39 percent); long-term care insurance (32 percent); health club membership (21 percent); stock options (17 percent); legal services (14 percent); personal legal services (13 percent); vehicle/vehicle allowance (9 percent); child care (5 percent); elder care (4 percent); identity theft protection (4 percent); sabbatical (3 percent); accounting/tax services (3 percent); and other (3 percent).

Position and Experience

Of course, many factors influence the compensation package offered to employees. From the point of view of the employer, position and level of responsibility, work location, size of the organization, and industry and market served are key factors. Elements more under the control of employees include experience and work history, educational level attained and credentials obtained.

Due to the myriad job titles in the supply management field, the survey asked respondents to indicate which of nine standard positions best fit their specific title and scope of responsibility.

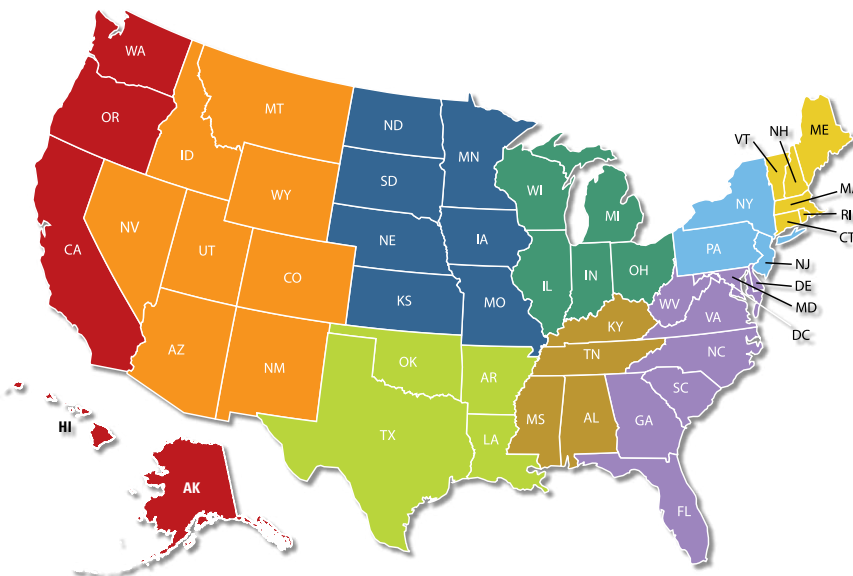
Respondents classifying themselves as emerging professionals (practitioners with eight or fewer years of experience in the profession) earned an average salary of \$66,532. Those indicating that they are experienced professionals (more than eight years of experience) earned on average \$78,393. On average, managers earned \$103,959. Those classifying themselves as directors earned \$149,186.

At the highest levels of organizational leadership, vice presidents earned \$202,940, and chiefs or heads of supply management earned \$295,037. The average salary for those classified as chiefs increased an average of 8 percent compared to 2012, when their average base pay was \$272,979.

As in past ISM salary surveys, longer tenure within the field is again generally associated with higher rates of pay. Supply management professionals working in the field for 15 or more years can expect to earn 56 percent more than those with four or fewer years of experience. The average salary for supply management professionals with 15 or more years of experience was \$112,453, while the average salary for those with eight or fewer years of experience was \$81,469. Overall, supply management professionals with nine to 14 years of experience earned \$91,863; those with 15 to 19 years of experience earned \$109,662; and professionals with 20 or more years of experience earned an average of \$113,852.

Salaries varied between industries, as well. Respondents classified themselves into one of 19 industries. Professionals working in agriculture, forestry, fishing and hunting enjoyed the highest average salary: \$150,770 (an increase of 14 percent compared to the average pay of the most lucrative industry in 2012, finance and insurance, at \$132,813).

Average Salary by Geographic Region



- Pacific (AK, CA, HI, OR, WA) **\$101,523**
- Mountain (AZ, CO, ID, MT, NM, NV, UT, WY) **\$88,422**
- West North Central (IA, KS, MN, MO, ND, NE, SD) **\$91,497**
- West South Central (AR, LA, OK, TX) **\$104,703**
- East North Central (IL, IN, MI, OH, WI) **\$101,637**
- East South Central (AL, KY, MS, TN) **\$84,667**
- South Atlantic (DC, DE, FL, GA, MD, NC, SC, VA, WV) **\$111,151**
- Middle Atlantic (NJ, NY, PA) **\$102,532**
- New England (CT, MA, ME, NH, RI, VT) **\$109,071**

Industries rounding out the top five included: information providers (\$139,737); management and administrative services (\$129,862); mining (\$121,529); and finance and insurance (\$115,495).

The industry reporting the lowest salary was government/public administration, at \$78,889 on average. The second- and third-lowest industry salaries were arts, entertainment and recreation (\$79,617), and educational services (\$80,814).

Industries with the greatest negative fluctuation in salary compared to 2012 included arts, entertainment and recreation (down 36 percent), and educational services (down 17 percent). Conversely, those industries with the largest positive fluctuation in salary included agriculture, forestry, fishing and hunting (up 70 percent), and accommodation and food services (up 45 percent).

Among the 19 industries, 12 reported average salaries higher than the overall survey average of \$101,608.

Education Differentiates

Education remains a major factor in the average salary earned by supply management professionals. With a volatile marketplace and greater supply chain complexity, a college or advanced degree is becoming more than simply a “plus” or “nice to have.” Supply management professionals with a bachelor’s degree earned 45 percent more (\$98,079) than those with only a high-school education (\$67,484), and 25 percent more than those with an associate’s degree (\$78,340).

Striving for formal education beyond the bachelor’s degree also positively affects average salary. Supply management professionals with a master’s degree earned 24 percent more (\$121,475) than their counterparts with a bachelor’s degree. In 2013, respondents with a doctorate

degree earned \$116,617. This is 4 percent less than those with a master’s degree, but 19 percent more than those with a bachelor’s degree.

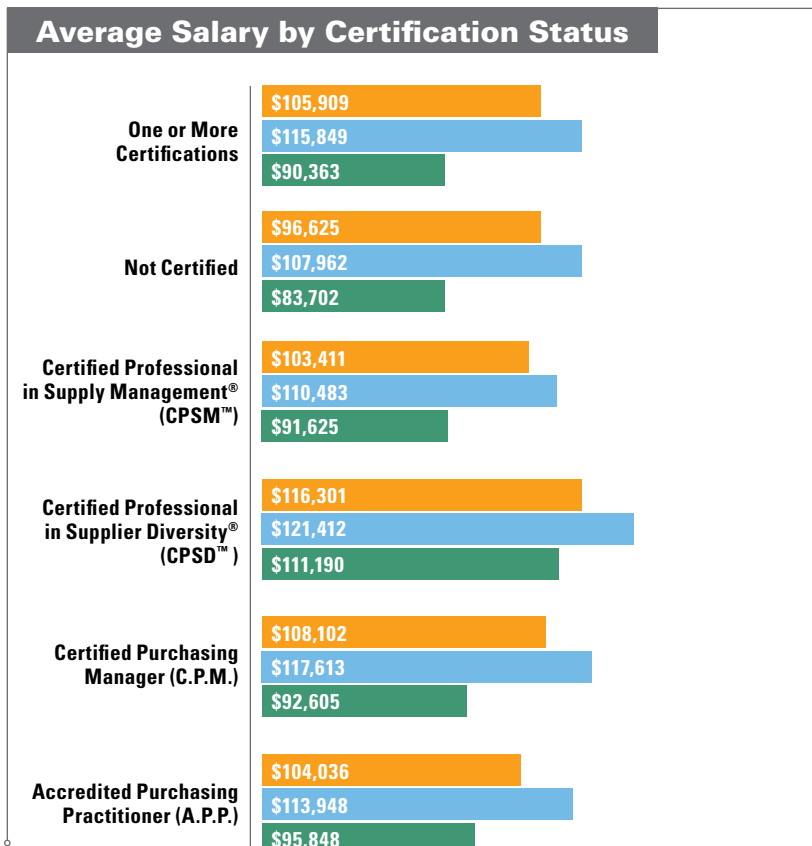
In addition to degrees, fields of study also influenced average earnings. Degrees in engineering or technology continued to dominate, with the highest average salary among respondents, \$116,215. Supply management professionals who studied a business-related field (other than supply management) reported an average salary of \$110,574. Respondents who earned a degree in a liberal-arts major earned an average of \$99,313 in 2013.

The average salary earned by supply chain management majors (\$101,794) fits between those who studied business and those who studied liberal arts. It may seem counterintuitive that supply chain professionals who studied supply chain at a university earned less on average

than professionals who studied another business field. This discrepancy can largely be attributed to the relative youth of university supply chain programs. The average age of those who studied supply chain was 39, compared to 48 for other business majors. Additionally, while 40 percent of supply chain majors have logged eight or fewer years on the job, 41 percent of other business majors have 20 or more years in the profession.

ISM Certifications Pay Out

Holding and maintaining your ISM certifications continue to be a sound career move. Whether it’s the Certified Professional in Supply Management® (CPSM®), Certified Professional in Supplier Diversity® (CPSD™), Certified Purchasing Manager (C.P.M.) or Accredited Purchasing Practitioner (A.P.P.), average salaries for professionals





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with these designations exceeded those of non-credentialed practitioners. Overall, in 2013, holding one or more ISM certification translated into a 10 percent premium above the average salary for supply management professionals without a certification (\$105,982 versus \$96,655).

ISM's CPSM® certification continued its positive impact on average salaries. Respondents earned \$103,415 on average in 2013, compared to \$96,655 for those who lacked any designation. Likewise, the CPSD™ made a strong showing in its fourth annual appearance in the survey. The average salary for respondents with a CPSD™ was \$116,301, an impressive recovery from the 2012 average of \$101,043.

The C.P.M. and A.P.P. recertification-only programs remained valuable for ISM members and

supply management professionals. This year's survey found that the average salary for respondents holding a C.P.M. was \$108,122, while the average salary for A.P.P.s was \$104,036.

Gender and Salary

ISM is committed to moving the profession toward the ideal that "all equally qualified supply management professionals performing at a similar level should be given equal compensation and opportunity in the workplace without discrimination based on age, disability, ethnicity, gender, national origin, race, religion or sexual orientation."

Gender, however, remains a factor in the annual salary of supply management professionals. The average salary among men in this year's survey was \$112,677, a

less than 1 percent drop from 2012 (\$113,716). For women, average salary increased slightly less than 1 percent from \$86,351 in 2012 to \$87,071 in 2013. Men earned an average of 29 percent more than their female counterparts.

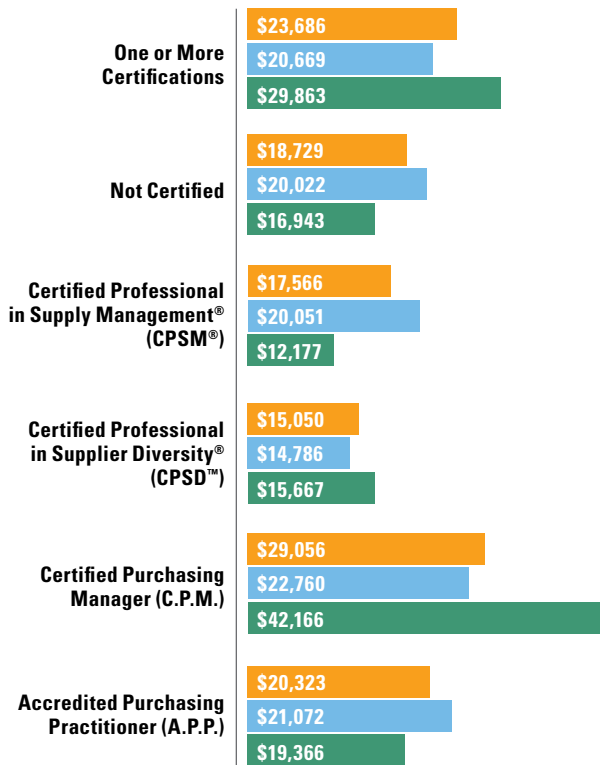
Similar to the 2013 ISM salary survey, there were few observed areas where women earned as much as or more than men. This year, women lagged behind men in base earnings at all levels of tenure in the profession, educational attainment and majors studied at university.

Two exceptions were found when comparing genders by job position. In the top supply management position, women who were chiefs earned 32 percent more on average than men (\$364,091 compared to \$276,622). In academia, women earned 47 percent more than men (\$118,260 compared to \$80,207). For women, earning and holding one or more ISM certifications improved their base salary 8 percent (to \$90,363 from \$83,702 for women who had not earned any credentials), but the salary gap between men and women with one or more certifications was 28 percent, only slightly less than the overall average salary gap of 29 percent.

While the gap between men and women was 21 percent for those with a CPSM® (\$110,483 on average compared to \$91,625 for women), the differential between men and women who attained a CPSD™ narrowed to 9 percent (\$121,412 on average compared to \$111,190 for women).

As more supply management professionals earn the CPSM® and/or CPSD™, and as holders of the C.P.M. and A.P.P. designations continue to recertify, the gap in average salaries may close as professionals of all backgrounds become proficient in the same supply management body of knowledge.

Average Bonus by Certification Status



Transitioning Into Supply Chain Management

This year, ISM asked respondents if they had transitioned into the discipline of supply chain management from another career or vocation. More than four out of 10 (45 percent) indicated they moved into supply chain from another field. Among those emerging professionals who changed vocations, a majority of them (59 percent) left after eight or fewer years in their previous profession. Conversely, less than one-quarter (23 percent) of career-changing emerging professionals came to supply chain after logging 15 or more years of experience in their previous profession.

Supply chain professionals who were previously scientists or engineers or who were previously in IT or technology reported the highest base salaries on average (even though the average age of respondents in both groups was younger than the overall average age of those who changed professions). Former scientists or engineers earned \$137,057, and former IT or technology professionals earned \$122,693.

Changing to supply chain management from another profession did not negatively impact the earning power of emerging or experienced professionals. Respondents at the director level reported average salaries slightly above (4.2 percent) directors who didn't have experience in another line of work. However, this year, it was observed that managers, chiefs and vice presidents who came to supply chain after working in another field earned 2.1 percent less, 3.6 percent less and 12 percent less, respectively, when compared to their peers who had always worked in supply chain.

Average incomes of those with experience in a previous profession (\$100,515) was 1 percent less than the overall average. This was reflected in the average incomes of men (\$111,446, or 1.1 percent less than the overall average) and women (\$86,352, or 0.8 percent less than the overall average) who joined the supply chain profession.

The Future's Still Bright

Despite the small decline in overall average salary compared to 2012, the outlook for supply chain

professionals is positive. This year's results indicate that organizations continue to be wary of internal direct and indirect support and administrative expenses. This cautious attitude is undoubtedly impacting salary decisions within organizations.

The good news is that intensifying competition and the drive for enhanced efficiency, coupled with an increasingly interdependent world economy wrestling with emerging political, international and natural risks, all dictate that forward-looking businesses look to and rely on the insights and strategies of supply management professionals. This need will increase the value organizations place on supply management now and in the future — translating into higher salaries.

This article contains just a sample of what's included in ISM's comprehensive 2014 salary survey. A more detailed report can be accessed in the ISM Career Center at www.ism.ws. [ISM](#)

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How the Survey Was Conducted

For the ninth year in a row, ISM collected salary and job information from supply management professionals. The survey was conducted during the first two weeks of February 2014.

A random sample of customers (including both members and nonmembers) was pulled from ISM's database. An email invitation requesting participation in the survey was sent to those customers. Four reminders were sent to individuals who hadn't yet completed their surveys at the time the reminder was sent. As an incentive to participate, individuals were offered the opportunity to enter a drawing for 10 \$100 gift cards.

Respondents were asked to report compensation information for the 2013 calendar year. Compensation included (reported separately) wages, bonuses and

stock options received before taxes and deductions.

In all, a total of 2,316 usable responses were received, representing a response rate of 8.0 percent. For the third year, respondents were asked if they were employed for the full year. Sixty-six, or 2.8 percent, of the respondents indicated they were not employed for the full year (compared to 4 percent in 2012). The results posted exclude those not employed for the full calendar year of 2013.

Graphical and tabular reports on the results of this survey are available on the ISM website. A brief summary of the results is available to the general public, while a detailed report is available at no charge to ISM members. Nonmembers may purchase the detailed report for \$199. The reports can be accessed in the ISM Career Center at www.ism.ws.