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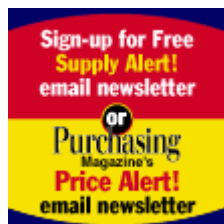
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2001 Salary Survey (Extended Version)

Doug Smock, Chief Editor
Purchasing December 18, 2001

Who gets paid the most?



New stu

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shows sea change in purchasing as titles shift to higher levels, electronic buying rises, and levels of education soar.

Half of the purchasing professionals responding to this year's salary survey buy or supervise the buying of at least \$10 million a year of goods and services annually. And as responsibilities grow, so does compensation.

- ✦ The average annual salary of respondents to this year's survey is \$64,000, a 4.4% increase (\$2,700) over last year's average (\$61,300). This year's median salary, \$56,000, is \$3,000 greater than last year's median (\$53,000).
- ✦ The purchasing professional's average salary has increased 121% since the first Purchasing salary survey in 1981, and 48% over the past ten years. The average salary reported in the 1991 salary survey was \$43,100.
- ✦ Half of all survey participants receive bonuses as part of their

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annual compensation, the same as last year. The average bonus among those who are compensated in this way is 10.9% of base pay, again almost identical to last year (11.0%).

- ⚡ One in six (17%) respondents receive stock options. The average value of these options is approximately \$91,335 but when those whose stock is worth nothing are excluded the average value is \$109,013.

Purchasing's annual report on compensation—the only such major report conducted—reflects major shifts in purchasing. For example, six of ten respondents buy products electronically, either via the Web or through electronic data interchange. The mix of titles reporting is also changing dramatically. We're seeing fewer respondents with titles of buyer and purchasing agent and more at the manager and director level, plus all new titles, particularly in e-business categories. The change is hard evidence of the move from tactical to strategic as lower-level buyers are promoted to higher-level jobs or are weeded out.

America's professional buyers are well educated: three in four have a college degree and 17% have graduate degrees, mostly MBAs. Nearly one in 10 has an engineering or some other technical degree. In 1982, when Purchasing began the salary survey, only 58% of buyers had college degrees.

The salary survey is a story in part of not only how buying is changing, but also how American business is changing. The size of companies is growing, there's more of a high-tech flair, the southwestern United States is growing in power, and women are making some fractures in the glass ceiling.

While the overall numbers show a continuing significant disparity in pay between men and women, gender ranks only ninth in the factor most likely to indicate pay differential. Ranking higher than gender are supervisory responsibility, dollar responsibility, education, company size, age, commodity bought, experience, and industry.

Additionally, women are slowly climbing the job ladder. In 1983, 40% of women surveyed were at the buyer level. Today, only 25% are buyers, and 26% are purchasing managers. For the first year ever, more than 1% (1.2%) of women are vice presidents. And it is becoming more common to see women in the role of materials manager.

The best compensated commodities for purchasing executives, according to this year's Salary Survey, include: services (\$88,900), information technology (\$85,400), machinery/capital equipment (\$72,300), transportation/freight (\$71,400) and construction (\$71,200).

Industries reporting the highest average purchasing salaries this year are: energy/mining/utilities (\$80,600); process industries (\$75,900); and financial and services (\$63,300).

In previous years, purchasing executives working at the corporate level offices of their organizations have reported the highest average salaries when pay is examined according to organizational unit; this year the average salaries for professionals working at the divisional level and corporate level are almost tied. The average salary for purchasing executives working at their company's divisional offices is \$68,900, whereas the average pay for purchasing professionals assigned to corporate headquarters is \$68,600. Plant locations offer purchasing men and women the lowest average salary of the three organizational

assignments (\$54,100).

As we have seen in the past, the age threshold for better-than-average compensation coincides with the average age of the profession. The average age of this year's survey respondents is 45.5; the average salary among respondents 41 - 50 years old is \$66,100. Those in the 51-to-60-year-old range fare slightly better; their average salary is \$69,400, but over age 60, the average salary drops to \$61,200.

Also consistent with previous salary survey results, longevity bolsters average compensation in the purchasing profession. Average purchasing salaries increase in step with length of employment. Moreover, purchasing executives don't begin earning higher-than-average salaries until they have been in the profession for more than ten years. Prior to this milestone, average compensation is less than the average for the profession. The median tenure in the field is 14 years, the average is 14.7 years.

Twenty-three percent of this year's survey participants are Certified Purchasing Managers (C.P.M.s), one percent higher than last year. As we have observed in the past, C.P.M.s have higher average salaries than purchasing professionals who are not certified. This year's average compensation for purchasing executives with certification is \$78,800; the average for those without certification is \$59,500 (7% vs. 3% increases over a year ago).

The American Production and Inventory Control Society (APICS) granted C.P.I.M. certification—certification in production and inventory control management—to 6% of the purchasing professionals responding to this year's Salary Survey. Materials managers, however, are the most likely to have this certification—16%.

Average purchasing salaries increase in step with company size. The threshold for average and above compensation is \$126-500 million in annual sales: purchasing professionals employed by companies having more than \$125 million in annual sales report better than average compensation; those working at smaller firms are more likely to receive less than average pay. Overall, a difference of \$38,900 separates the average salaries of purchasing executives employed at the largest and smallest companies in this year's Salary Survey.

The Southwest leads regionally in the U.S. for average compensation (\$73,500), followed by New England (\$70,200) and the Mid-Atlantic states (\$70,000). Purchasing professionals in the Southeast and Southwest experienced one year double-digit increases in average pay (11.0% and 12.4%, respectively), adjusting for lower than average pay hikes the previous year. Although the sample of Canadian respondents actually topped the Southwest in highest average salary (at \$87,100), its small size may make this a statistical anomaly.



AVERAGE SALARY OF JOB TITLE ACCORDING TO INDUSTRY

Industry	Buyer	Senior Buyer	Purchasing Agent	Purchasing Manager	Asst. Purch. Manager	Materials Manager	Purch/Matls Director	VP Purc
Communications Equipment	\$41,000*	\$50,400	\$42,800*	\$62,500	#	\$ 73,000*	\$ 96,000*	#

Computers & Related Equip.	\$45,700*	\$54,300*	\$50,400*	\$85,700	#	\$ 68,300*	\$ 77,500*	#
Equipment/Machinery	\$35,900	\$54,800	\$53,600	\$58,800	#	\$ 64,900	\$ 83,800*	\$209
Electronics	\$42,200	\$53,900	\$50,200*	\$66,900	#	\$ 77,500	\$134,200	\$179
Energy/Mining/Utilities	\$40,500*	\$74,300*	\$45,400*	\$82,900	\$62,500*	\$ 85,800*	\$152,000*	\$174
Financial, Services	\$41,300*	\$59,500*	\$52,000*	\$64,300	#	#	\$ 83,300*	\$ 92,
Industrial Controls/Instruments	\$41,200	\$52,400	\$49,300	\$69,200	#	\$ 86,000*	#	\$ 85,
Miscellaneous Mfg.	\$38,500	\$52,400	\$44,900	\$62,200	\$56,600	\$ 60,600	\$100,200	\$ 15
Primary Metals/Metals Fab.	\$44,600	\$47,900	\$39,900	\$57,900	#	\$ 76,500	\$ 72,200	\$ 11
Process Industries	\$42,700	\$58,600	\$56,000	\$78,700	\$62,500*	\$ 71,600	\$ 97,700	\$150
Transportation/Automotive	\$43,300	\$53,000	\$50,900	\$68,600	\$71,500*	\$ 79,000	\$100,800	\$110
Wholesale/Service Ctrs	\$40,000	\$55,200*	\$47,600	\$64,200	\$49,000*	\$ 60,000*	\$ 71,200*	\$136

AVERAGES BY COMMODITY

Industry	Respondents	----- Average Salary -----			- Highest Salary -	
		All	Men	Women	Men	Women
Metals	425	\$60,700	\$65,300	\$46,300	\$264,000	\$100,000
Chemicals/Plastics	194	\$66,400	\$71,900	\$53,000	\$230,000	\$114,000
Electronics	173	\$59,000	\$63,200	\$51,600	\$204,000	\$163,000
Packaging	101	\$69,800	\$76,200	\$50,400	\$368,000	\$120,000
Mechanical Components	254	\$60,300	\$65,300	\$46,000	\$380,000	\$100,000
Machinery, Capital Equipmt	50	\$72,300	\$77,500	\$58,800	\$216,000	\$125,000
MRO/Utilities	153	\$56,400	\$63,300	\$41,200	\$150,000	\$115,000
Office Equipment/Supplies	38	\$67,400	\$79,900	\$46,000	\$209,000	\$121,000
Transportation, Freight	11	\$61,800	\$65,500	#	\$ 86,000	#
Services	52	\$88,900	\$91,000	\$84,700	\$265,000	\$153,000
Information Technology	36	\$85,400	\$94,900	\$67,600	\$225,000	\$138,000

Construction

32	\$71,200	\$75,400	*\$48,600	\$203,600	\$ 65,000
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Raw Materials (N/S)

37	\$63,800	\$68,400	\$51,600	\$162,000	\$100,000
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SALARY VS INDUSTRY

Industry	Average Salary	Number of Respondents
Communications Equipment	\$56,800	54
Computers and Related Equipment	\$63,500	43
Equipment/Machinery	\$58,200	190
Electronics	\$67,500	110
Energy/Mining/Utilities	\$80,600	50
Financial, Services	\$73,300	39
Industrial Controls/Instruments	\$58,200	64
Miscellaneous Manufacturing	\$61,600	466
Primary Metals and Metals Fabricating	\$58,600	152
Process Industries (Chemicals/Paper/Food)	\$75,900	214
Transportation/Automotive	\$64,100	207
Wholesale, Durable Goods/Service Centers	\$60,600	89
Multiple Sectors	\$54,900	21

SALARY VS JOB TITLE

Title	# Respondents	Average Salary			Highest Salary	
		All	Men	Women	Men	Women
Buyer	236	\$ 40,600	\$ 45,600	\$ 36,200	\$100,000	\$ 72,000
Senior Buyer	189	\$ 54,200	\$ 56,800	\$ 49,000	\$128,000	\$ 87,000
Purchasing Agent	254	\$ 48,200	\$ 52,100	\$ 40,000	\$380,000	\$ 80,000
Purchasing Manager	599	\$ 66,300	\$ 68,400	\$ 58,400	\$203,000	\$138,000

Asst. Purchasing Manager	17	\$ 60,600	\$ 63,200	\$ 57,500	\$101,000	\$120,000
Materials Manager	124	\$ 68,900	\$ 71,400	\$ 63,000	\$150,000	\$104,000
Purchasing/Mat'ls Director	134	\$ 96,500	\$ 99,700	\$ 73,400	\$215,000	\$153,000
VP Purchasing/Supply/CPO	55	\$143,800	\$152,000	*\$ 87,500	\$368,000	\$163,000
Other	129	\$ 69,200	\$ 75,100	\$ 55,900	\$264,000	\$130,000

TOTAL RANGE OF SALARIES BY JOB TITLE

Title:	Respondents	Average	Median	Most Frequent/#	Lowest	Highest
Buyer	236	\$ 40,600	\$ 39,000	\$ 40,000/16	\$20,000	\$100,000
Senior Buyer	189	\$ 54,200	\$ 53,000	\$ 45,000/13	\$28,000	\$128,000
Purchasing Agent	254	\$ 48,200	\$ 45,000	\$ 42,000/12	\$20,000	\$380,000
Purchasing Manager	599	\$ 66,300	\$ 63,000	\$ 60,000/27	\$20,000	\$203,000
Asst. Purchasing Manager	17	\$ 60,600	\$ 58,000	\$ 53,000/3	\$19,000	\$120,000
Materials Manager	124	\$ 68,900	\$ 66,000	\$ 50,000/9	\$28,000	\$150,000
Purchasing/Materials Dir.	134	\$ 96,500	\$ 93,000	\$ 105,000/6	\$29,000	\$215,000
VP Purchasing/Supply/CPO	55	\$143,800	\$121,000	\$ 240,000/3	\$35,000	\$368,000
Other	129	\$ 69,200	\$ 60,000	\$ 45,000/7	\$17,000	\$264,000

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