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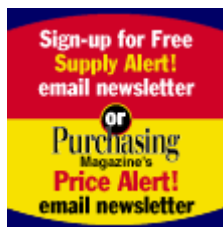
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2003 Salary Survey

## Purchasing pros beat inflation

Salaries increase by 5% in 2003, helped by an 8% push in women's earnings.

By Susan Avery

Purchasing December 11, 2003

After a year when salaries barely kept pace with earnings of the year before, purchasing professionals needed pay hike.

The average annual salary of respondents to PURCHASING magazine's 23rd annual salary survey is \$67,300, a 5% increase (\$3,000) over last year's average (\$64,300). In 2002, earnings power rose by just 0.5%.

This year's median salary, \$60,000, was \$3,500 greater than last year's median (\$56,500), and a 6% increase.

Results of the 2003 salary survey reflect the range of purchasing professionals who make up the readership of PURCHASING magazine. Annual salaries of this year's respondents vary, from \$20,000 to \$590,000; a full complement of responses was received from men and women filling all job titles from buyer to purchasing vice president; and every region of the country, every commodity, and every industry is represented. Additional highlights of this year's report:

- ✦ The purchasing profession's average salary has increased 113% since PURCHASING began surveying its readers in 1983 and 46% over the past ten years. The average salary reported in the 1993 Salary Survey was \$46,100. The change in average salary over time was consistent with the change in average salary—46% over 10 years, 111% over 20 years.
- ✦ Slightly more than half of all survey participants receive bonuses as part of their annual compensation. The average bonus among those who are compensated in this way was \$10,000, a slight 0.4% decrease from last year (10.2%).
- ✦ Fifteen percent of respondents receive stock options, slightly less than in 2002 (17%). The average value of stock options is \$54,000, including the almost 15% of respondents having stock options with no value.

Senior executives—including purchasing vice presidents, purchasing and materials directors, material purchasing managers—are the most likely to receive bonuses. Half or more of respondents filling each job title received a bonus as part of their compensation package. Bonuses received by senior executives represent a greater proportion of their overall compensation than bonuses received by less senior employees. The bonus among purchasing and supply vice presidents or chief purchasing officers, for example, is nearly double the average among buyers who receive bonuses is 6%. Consistent with seniority, bonuses are most common among senior executives.

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purchasing executives with the greatest supervisory and dollar volume responsibilities.

### Top earners

This year's analysis of salary according to job title spans a range of \$112,600 from the lowest to highest. The average compensation for buyers is \$42,400; the average for purchasing or supply VPs is \$155,000. Purchasing in the energy/mining/utilities sector reported this year's highest individual salary, \$590,000 for a materials manager at \$390,000. (A profile of the top earners is included in the \$100,000 Club sidebar.)

A purchasing executive's professional responsibilities serve as a benchmark of his or her compensation. As supervisory duties increase, so does income. The break point for higher-than-average earnings is with more than \$25 million in annual purchasing. Purchasing officials responsible for less than this amount typically report compensation close to average or less than the average for the profession as a whole. Those who purchase at this level and above enjoy better-than-average salaries.

Similarly, as supervisory duties increase, so does average pay. Salary survey respondents without supervisory responsibility earn less than average salaries; the proportion of employees with no supervisory responsibility is the same as last year.

The best compensated commodities for purchasing executives, according to this year's salary survey, are information technology (\$90,000), machinery (\$86,900) and information technology (\$85,400).

The industries reporting the highest average purchasing salaries are the same as last year, albeit in a different order: computers and related equipment (\$88,200), energy/mining/utilities (\$84,700), financial and services process industries (\$75,200).

### Longevity counts

As 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 45.8 years; the average salary among respondents aged 45 and older is \$72,100.

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 professionals don't begin earning higher-than-average salaries until they have been in the profession for more than 15 years. Before this milestone, average compensation is less than the average for the profession. The average and median length of service in the field is 15 years.

Seventy-three percent of all participants in this year's survey have a college degree or certificate. Those in the highest ranking purchasing positions, with the greatest purchasing responsibilities, work for the largest companies and generally earn the highest average annual compensation. Generally business degrees and graduate degrees are stepping-stones to higher salaries. The average annual salary rose 4% among both college and non-college graduates to \$72,200 and \$52,800, respectively. The group of seven executives with dual graduate degrees had the highest average salary of all respondents to the survey, \$107,700.

### CPMs make more

Proportion of this year's survey participants, who are Certified Purchasing Managers (CPM), increased from 12% in the past. CPMs have higher average salaries than purchasing professionals who are not certified. This year the average compensation for purchasing executives with certification is \$80,000; the average for those without certification is \$63,200. Certified purchasing managers, on average, have five years more experience than those who are not certified.

APICS —The Educational Society for Resource Management (formerly American Production and Inventory Control Society) granted CPIM certification (Certification in Production and Inventory Management) to 7% of the survey respondents responding to this year's salary survey. The greatest incidence of CPIM is among materials managers. Of materials managers, 15% hold this certification. The average salary of CPIM-certified materials managers is \$73,600; for noncertified materials managers, it is \$73,600.

Average purchasing salaries increase in step with company size. The threshold for average and above average compensation is \$51 million to \$125 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 \$42,500 separates the average salaries of purchasing professionals at large companies from those at smaller firms.

employed at the largest and smallest companies in this year's salary survey. There is also an employment gap between men and women with respect to company size. A higher proportion of women are employed at smaller companies (61% women vs. 47% men); 36% of men are employed at firms with sales over \$500 million, whereas 36% of women work in companies of that size.

**Plants pay less**

When pay is examined according to organizational unit, the average salary for purchasing professionals at the divisional level is higher than those at the corporate level. The average salary for purchasing executives at a company's divisional offices is \$76,600, whereas the average pay for purchasing professionals assigned to headquarters is \$72,200. A higher percentage of those working at the corporate level are employed by companies than those working at the division level. Conversely, a higher percentage of purchasing professionals at the divisional level work at the biggest companies than do corporate or plant-level purchasing professionals. On average, purchasing men and women receive the lowest average salary of the three organizational assignments (\$

New England leads regionally in the U.S. for average compensation (\$74,400), followed by the Mid-Atlantic and Southeast (\$69,300). Variation among regions is not high. The range of average pay varies by \$10,000 between the lowest and highest-paying continental U.S. areas. Purchasing professionals in the Western states have gained in the past two years, experiencing a 10% increase. The Southeast region increased 9%, but last year there declined slightly. Respondents from Canada—a relatively small sample of 10—are lower paid than those in the U.S. a couple of years.

Men continue to report higher average salaries than women (\$73,400 versus \$53,900). Still, women's salaries increased by 8% compared to a 3% hike for men.

**Tale of the tape**

	Average	Median
<b>Salary</b>	\$67,300	\$60,000
<b>Age</b>	46	46
<b>Years experience</b>	15	15

SOURCE: PURCHASING

**Stock options vs. job title**

Title	Receives stock options	Avg. value* (thousand \$)	Median value* (thousand \$)
Buyer	11%	7.4	3.0
Senior buyer	12%	5.4	2.5
Purchasing agent	11%	233.8	9.4
Purchasing manager	14%	19.2	6.0
Asst. purchasing manager	9%	—	—
Materials manager	12%	25.0	15.0
Purchasing/materials director	34%	74.8	25.0
Vice president purchasing	39%	126.6	32.5

\*Average includes those whose stock options have no value. Values are rounded to the nearest hundred dollars.

SOURCE: PURCHASING

**Salary vs. education**

Degree	Average salary (thousand \$) All	Average salary (thousand \$) Men/Women	Highest salary (thousand \$) Men/Women
No degree	52.8	58.5/46.0	165.0/163.0
Undergraduate degrees	68.3	72.3/56.9	390.0/590.0
Associates degree	*60.5	*69.5/51.5	112.0/54.0
Liberal arts	65.3	70.8/51.5	390.0/88.0
Business	69.0	72.7/59.4	250.0/590.0
Technical	70.9	73.9/49.8	234.0/124.0

Multiple undergrad degrees	55.2	56.4/*52.3	99.0/65.0
Graduate degrees	83.5	90.0/63.8	279.0/165.0
MBA	91.9	94.8/78.6	273.0/165.0
Other graduate	64.9	75.8/52.0	279.0/140.0
Multiple grad degrees	*107.7	*113.7/#	185.0/72.0

\* = Fewer than 10 respondents.

# = One respondent only.

SOURCE: PURCHASING

### Salary vs. commodity

Commodity	Average salary (thousand \$) All	Average salary (thousand \$) Men/Women	Highest salary Men/Women
Metals	\$61.0	66.7/48.8	220.0/163.0
Chemicals	72.2	80.1/53.1	250.0/130.0
Electronics	65.1	70.7/53.8	215.0/175.0
Packaging	71.8	81.1/54.9	250.0/121.0
Components	63.3	69.0/50.3	230.0/140.0
Machinery	86.9	84.5/95.2	234.0/590.0
MRO	62.4	67.8/50.3	130.0/96.0
OfficeEqpt./supplies	54.0	*79.8/*39.7	125.0/71.0
Transport/freight	80.4	*90.2/*36.0	185.0/45.0
IT	85.4	89.1/*75.9	273.0/140.0
Services	90.0	95.5/78.5	390.0/165.0
Multiple Commodities	63.8	69.5/53.3	279.0/120.0

# = Only one respondent.

\* = Less than 10 respondents.

SOURCE: PURCHASING

### Salary vs. age

Age	Average salary (thousand \$) All	Average salary (thousand \$) Men/Women	Highest salary (thousand \$) Men/Women
20 to 24 years	37.8	*43.0/35.2	57.0/55.0
25 to 29 years	45.5	47.9./37.3	80.0/64.0
30 to 34 years	54.3	60.5/47.1	125.0/130.0
35 to 40 years	61.9	68.2/51.9	160.0/110.0
41 to 50 years	72.1	77.2/61.0	390.0/590.0
51 to 60 years	72.9	79.5/53.2	279.0/175.0
61 years and older	69.4	72.9/43.9	234.0/64.0

\*Less than 10 respondents.

SOURCE: PURCHASING

### Salary vs. industry

Industry	Average salary (thousand \$)
Computers and related equipment	88.2
Energy/mining/utilities	84.7
Financial, services	80.9
Process industries (chemicals/paper/food)	75.2
Transportation/automotive	70.0
Electronics	68.6

Wholesale, durable goods, service centers	64.3
Industrial controls/instruments	63.5
Equipment/machinery	62.2
Miscellaneous manufacturing	61.6
Primary metals and metals fabricating	60.2
Communications equipment	59.2
Multiple sectors	59.8

SOURCE: PURCHASING

**Two year change in salary according to job title**

<b>Title</b>	<b>2002</b>	<b>2001</b>
	<b>Two year change (self-described)</b>	
Buyer	-4%	4%
Senior buyer	5%	6%
Purchasing agent	7%	4%
Purchasing manager	2%	2%
Asst. purchasing mgr.	-7%	-16%
Materials manager	6%	8%
Purchasing/matl.dir.	-5%	6%
VP purchasing/supply/CPO	4%	8%
Other	11%	NA

SOURCE: PURCHASING

**Average salary of job title according to industry**

(thousand \$)

<b>Industry</b>	<b>Buyer</b>	<b>Senior buyer</b>	<b>Purchasing agent</b>	<b>Purchasing manager</b>	<b>Asst. purchasing manager</b>	<b>Materials manager</b>	<b>Purch/directo</b>
Communications equipment	38.1*	52.4*	45.2*	63.7	#	56.8*	98.6*
Computers & related eqpt.	#	63.5*	41.6*	79.5	#	69.0*	192.5*
Equipment/machinery	40.2	54.1	51.9	66.0	#	66.0	128.8*
Electronics	39.4	50.4*	52.3*	64.7	#	66.6*	94.3
Energy/mining/utilities	46.7*	76.3*	60.8	73.1	#	101.8*	117.0*
Financial, services	#	#	40.5*	56.7*	#	#	97.3*
Industrial controls/instruments	41.5*	58.1	47.2*	70.4	#	90.0*	#
Miscellaneous mfg.	40.9	55.0	48.9	63.2	51.5*	70.0	89.6
Primary metals/metals fab.	45.6*	57.9	42.4	58.1	#	68.5*	83.6*
Process industries	48.1	62.4	60.8	79.6	37.0*	68.9*	110.9
Transportation/automotive	42.1	58.7	51.2*	75.4	49.7*	82.5	108.1
Wholesale/service Ctrs	44.1*	54.4	39.8	66.4	#	63.6*	108.1*

\* = Fewer than 10 respondents.

# = One or no respondents.

SOURCE: PURCHASING

**Salary vs. job title**

<b>Title</b>	<b>Average salary (thousand \$) All</b>	<b>Average salary (thousand \$) Men/Women</b>	<b>Highest salary Men/Women</b>
Buyer	42.4	46.9/38.7	68.0/60.0

Senior buyer	57.4	58.8/54.7	111.0/90.0
Purchasing agent	50.0	53.0/43.8	106.0/82.0
Purchasing manager	67.9	72.3/58.1	170.0/175.0
Asst. purchasing mgr.	51.2	*54.2/*48.7	60.0/73.0
Materials manager	74.2	76.3/63.8	390.0/110.0
Purchasing/mats dir.	102.3	106.7/78.3	240.0/165.0
VP purchasing/supply/CPO	155.0	152.3/*170.7	279.0/590.0
Other	69.0	73.8/55.3	145.0/163.0

\* = Fewer than 10 respondents

SOURCE: PURCHASING

#### Average salary of job title according to commodity

(thousand \$)

Commodity	Buyer	Senior buyer	Purchasing agent	Purchasing manager	Asst. purchasing manager	Materials manager	Purch/m: director
Metals	39.6	56.5	46.7	61.1	60.0	67.8	94.7
Chemicals	43.5	57.8	56.5	69.8	#	74.4	108.3
Electronics	42.5	55.9	49.9	69.8	#	67.6	97.8
Packaging	41.8	66.3	47.1	72.1	#	61.8*	105.9*
Components	42.8	54.6	46.2	62.4	57.7*	73.9	99.8
Machinery	49.2*	72.3	61.1	81.7	#	#	105.0*
MRO	43.2	55.5	60.9	75.0	39.5*	85.0*	75.4*
Office eqpt/supplies	39.7*	44.0*	39.2*	#	#	#	#
Transportation	49.5*	#	36.0*	#	#	96.5*	#
IT	#	60.2*	53.5*	84.2*	#	#	122.0*
Services	43.3*	68.7*	65.6*	83.2	#	183.3*	158.0*
Multiple	42.2*	56.0*	43.1	67.0	#	63.4*	104.8*

\* = Fewer than 10 respondents.

# = One or no respondents.

SOURCE: PURCHASING

#### Purchasing's average salary: 1981 to 2003

1981	\$29,000
1982	\$30,700
1983	\$31,600
1984	\$32,800
1985	\$33,600
1986	\$35,700
1987	\$38,300
1988	\$39,900
1989	\$40,700
1990	\$41,600
1991	\$43,100
1992	\$45,000
1993	\$46,100
1994	\$47,500

1995	\$49,700
1996	\$50,500
1997	\$52,200
1998	\$54,700
1999	\$57,600
2000	\$61,300
2001	\$64,000
2002	\$64,300
2003	\$67,300

SOURCE: PURCHASING

**Cities with the highest average salaries**

	Average salary
1 Chattanooga, Tenn.	\$117,900
2 Lexington, Ky.	\$117,400
3 Jacksonville, Fla.	\$101,200
4 Pittsburgh, Pa.	\$98,100
5 Atlanta, Ga.	\$88,000
6 Raleigh, N.C.	\$84,300
7 Santa Ana, Calif.	\$84,000
8 San Diego, Calif.	\$82,300
9 Harrisburg, Pa.	\$81,900
10 Houston, Texas	\$80,200

SOURCE: PURCHASING

**Cities with the lowest average salaries**

	Average salary
1 Mankato, Minn.	\$35,700
2 Little Rock, Ark.	\$43,200
3 Canton, Ohio	\$45,400
4 Fort Worth, Texas	\$47,700
5 San Antonio, Texas	\$48,700
6 Indianapolis, Ind.	\$50,200
7 Fort Wayne, Ind.	\$51,200
8 Mansfield, Ohio	\$51,400
9 Erie, Pa.	\$52,000
10 Stockton, Calif.	\$52,800

SOURCE: PURCHASING

**Salary vs. experience**

Experience	Average salary (thousand \$) All	Average salary (thousand \$) Men/Women	Highest salary (Men/Women)
3 or fewer years	54.6	61.5/44.8	160.0/130.0
4 to 6 years	53.6	57.6/46.5	160.0/140.0
7 to 10 years	60.4	67.9/49.4	273.0/130.0
11 to 15 years	70.7	75.0/62.0	250.0/590.0
More than 15			

years 74.7 79.9/58.0 390.0/175.0  
SOURCE: PURCHASING

#### Salary vs. organizational unit

Organizational Unit	Average salary (thousand \$) All	Average salary (thousand \$) Men/Women	Highest salary Men/Women
Corporate	72.2	78.4/57.5	390.0/590.0
Division	76.6	80.7/65.2	279.0/165.0
Plant	54.8	60.4/44.9	145.0/175.0

SOURCE: PURCHASING

#### Salary vs. certification

Certification	Average salary (thousand \$) All	Average salary (thousand \$) Men/Women	Highest salary Men/Women
CPM	80.0	83.5/69.4	279.0/590.0
Not certified/did not answer	63.2	69.8/50.1	390.0/165.0
CPIM	83.7	81.5/94.0	215.0/590.0
Not certified/did not answer	66.1	72.7/52.1	390.0/175.0

SOURCE: PURCHASING

#### Salary vs. company size (annual sales)

Annual sales	Average salary (thousand \$) All	Average salary (thousand \$) Men/Women	Highest salary Men/Women
\$125 million or less	54.8	60.1/45.4	220.0/163.0
Less than \$15 million	46.3	50.5/40.8	127.0/80.0
\$15 to \$50 million	54.1	58.6/46.1	145.0/83.0
\$51 to \$125 million	68.3	74.0/53.7	220.0/163.0
\$126 to \$500 million	73.5	79.2/59.6	230.0/140.0
More than \$500 million	85.7	88.6/75.4	390.0/590.0
\$501 million to \$1.5 billion	79.6	84.5/59.7	250.0/130.0
\$1.6 to \$3 billion	87.0	89.1/75.2	215.0/125.0
More than \$3 billion	88.8	90.9/82.6	390.0/590.0

SOURCE: PURCHASING

## How Purchasing conducts its survey

PURCHASING magazine's 2003 salary survey of purchasing professionals is based on questionnaire 1,422 PURCHASING magazine readers. Responses were received from purchasing professionals re spectrum of buying responsibilities, industries and personal backgrounds.

The sample includes a large enough number of respondents in many subgroups and categories to all comparisons between different segments of the purchasing profession. The overall statistical reliabilit this size, for dichotomous questions when the results are projected to the population from which the s selected, is plus or minus approximately 1.3%.

Note should be taken that the reliability of survey findings diminishes with sample size. This is particu keep in mind when examining some of the smaller "cells" of the tables included in this narrative sumn and averages based on a small number of respondents are identified by the symbols \* and # in this re

actual number of respondents is not shown with the percent.)

The survey was developed by the editors of PURCHASING magazine, but all responses were tabulated by an independent research firm not affiliated with Reed Business Information. Not all of the data collected in this article. Complete results of the 2003 salary survey can be purchased for \$500 in U.S. funds. Payment to PURCHASING magazine, P.O. Box 497, New Town Branch, Newton, MA 02456. Telephone: (617) 552-1234. Fax: (617) 552-1235. The report may also be ordered through [www.purchasing.com](http://www.purchasing.com).

## More purchasing pros receive a bonus

Slightly more than half (51%) of all survey participants report they receive bonuses as part of their compensation. This is an increase since last year (48%). However, when compared to compensation fifteen years ago, bonuses are a significantly more popular form of pay.

Bonus is an average 10% of base pay, consistent with results from last year.

Compensation in the form of bonus payments is more frequently reported by senior purchasing executives than those with less senior positions (e.g., VP, purchasing, 78% vs. buyer, 34%); it is also more prevalent in larger companies (63% for companies with sales of more than \$3 billion versus 29% of companies with sales of less than \$1 million).

Financial goals and profitability are the leading factors affecting bonuses, as 88% of those who get a bonus cite this as a reason. A third of those who receive a bonus indicate that cost targets and savings reductions play a major role in their bonus determination. Department cost targets, while 20% say cost targets for purchased parts and 1% report cost reductions in costs. Eleven percent say quality, either in supplier quality improvements or product quality. Cycle time improvements are rated by 8% as a factor in their bonus.

Individual goals or projects/personal performance are mentioned by 8% as a basis of their bonus. Women frequently cite this more than men (13 to 7%). Other factors affecting bonus payments include such items as customer service, inventory reduction, turns, safety, environmental goals, production and discretionary awards.

Those in the \$100,000 Club, purchasing VPs and directors are more likely than their lower-paid counterparts to say that their bonuses are based on; they more readily check financial goals, cost targets and supplier quality improvements, as well as individual performance and goals.

More than any other industry, bonuses in the computers and related equipment and energy/mining/utility industries are rewarded for meeting company financial goals (95% and 94%, respectively). Professionals in the service industries are least likely to see a bonus for meeting financial goals; only 77% do.

Purchasing professionals in computers and related equipment and the process industries (35% and 33%) are more likely to be rewarded with bonuses for meeting department cost targets. Those in the primary and miscellaneous manufacturing industries are least likely to see such a financial incentive (13%, 15%).

Purchasing professionals in the financial and service sector (36%), computers and related equipment and machinery industries (30%) attribute their bonuses to meeting cost targets for purchased parts. Individuals in miscellaneous manufacturing are least likely to see bonuses for achieving cost targets for purchased parts.

Those in the financial and service industries (27%), transportation (16%) are most likely to mention supplier quality improvements.

With respect to commodity purchasers and their bonuses, most predominantly, office equipment (67%) and machinery buyers (38%) check off department cost targets as a factor. The number of transportation and office equipment buyers getting bonuses is very small (five or fewer) so the sample may not be truly representative of these segments.

Bonuses for supplier quality improvements are bigger factors among those buying transportation/freight and electronics (18%) than among those purchasing other commodities.

### Bonus vs. job title

<b>Title</b>	<b>Receives bonus</b>	<b>Bonus percent of base</b>
Buyer	34%	5.8%
Senior buyer	42%	6.3%
Purchasing agent	37%	6.4%
Purchasing manager	57%	9.0%
Asst. purchasing manager	36%	6.2%
Materials manager	59%	11.5%
Purchasing/materials director	74%	14.3%
VP purchasing/supply/CPO	78%	24.5%
Other	47%	9.4%

SOURCE: PURCHASING

## Women's salaries move to close gap

Nearly one-third (447) of the respondents to PURCHASING magazine's 2003 Salary Survey are women, slightly lower than the proportion of women included in last year's survey. The average annual compensation for female purchasing executives is \$53,900. The average salary of women has increased \$3,900 (8%) since last year's annual survey.

This year's results indicate a \$19,500 gap between the average compensation earned by men (\$73,400) and women (\$53,900). The survey results show that in percentage terms, women's average compensation outpaced men's (7% versus 3% for men) during the past year.

The highest salary earned by a female respondent to this year's survey is \$590,000. She is one of nine who reported annual earnings of \$100,000 or more to this year's salary survey. This executive is a senior manager who oversees corporate purchasing for a large nonmanufacturing company. She is responsible for more than \$100 million in annual purchasing, most importantly in capital goods.

Historically, women in the purchasing profession have been younger and less experienced than men. In the past few years, women respondents have fewer supervisory responsibilities, are in charge of smaller dollar volumes, frequently have not graduated from college, are younger than men, and do not as often hold as many senior positions as men—all prerequisites for higher compensation. Even when these factors are taken into account and women with comparable experience and responsibilities are compared, the average compensation for women generally appears to be less than the average compensation among men in the purchasing profession.

### Salary vs. gender

<b>Title</b>	<b>Average salary (thousand \$) Men</b>	<b>Average salary (thousand \$) Women</b>
	<b>\$73.4</b>	<b>\$53.9</b>
Buyer	46.9	38.7
Senior buyer	58.8	54.7
Purchasing agent	53.0	43.8
Purchasing manager	72.3	58.1
Asst. purchasing manager	54.2*	48.7*
Materials manager	76.3	63.8
Purchasing/materials director	106.7	78.3
Vice president purchasing	152.3	170.7*

\* = Fewer than 10 respondents

SOURCE: PURCHASING

## \$100,000 Club

One hundred eighty-three purchasing professionals report annual salaries of \$100,000 or more in response to PURCHASING magazine's 2003 salary survey.

- ✂ The average salary of \$100,000+ earners is \$135,000, basically the same as the past two years (\$136,300). The highest salary is \$590,000; last year the highest salary was \$340,000.
- ✂ Forty individuals, 2.8% of purchasing professionals, earned \$150,000 or more, almost identical (2.7%). Again the \$200,000 Club was almost exclusively male—14 of the 15 executives function as purchasing/materials directors or VPs of purchasing. But, for the first time in the history of the female executive reported the highest salary— \$590,000.
- ✂ The average age of purchasing's top earners is 49 years, statistically higher than the less than 40-year-old group. The youngest respondent to reach the \$100,000 Club is 32 years old; the oldest is 73.
- ✂ The majority of highly compensated purchasing executives have senior job titles, including vice president of purchasing (16%) and purchasing director (38%). Twenty-three percent are purchasing managers, materials managers. Of those earning \$150,000 or more, 52% are purchasing VPs and 35% are purchasing directors.
- ✂ Five of eight (63%) of the highest earners work for the largest companies (annual sales of more than \$1 billion). Three-billion-dollar-plus companies employ 31%; 22% work at \$126 million to \$500 million; smaller firms employ 15%.
- ✂ One-fourth of this year's top earners hail from the Great Lakes region. The Southeast boasts 15% of top earners and the West is home to 15%; 14% are from the Mid-Atlantic; 9% the Southwest and New England and the Plains States.
- ✂ The typical top earner has been employed in purchasing for 19 years.
- ✂ Sixty-three percent of the \$100,000+ earners work at the corporate headquarters of their organization; 4% work at the division level. Eleven percent are plant employees.
- ✂ Commodities with the largest concentration of \$100,000+ earners include: components (17%), metals (14%), electronics (9%) and packaging (9%).
- ✂ The biggest industry sectors, miscellaneous manufacturing and process industries, produce top earners, (19% miscellaneous manufacturing, 21% process industries).
- ✂ The vast majority (93%) of \$100,000+ earners have been graduated from college. Forty-eight percent have undergraduate degrees (business, 68%; technical, 17%; liberal arts, 14%; associate's degree, 19%); 80% have graduate degrees (MBA, 80%; other graduate degree, 17% and dual graduate degrees, 3%); 13% have no college degree.
- ✂ Thirty-five percent of those earning more than \$100,000 have CPM (Certified Purchasing Manager) certification, statistically significantly higher than the percentage with certification among those earning less than \$100,000. Nine percent of top earners report being certified in production and inventory management (CPI).
- ✂ Most \$100,000 Club members (86%) receive bonus payments as part of their annual compensation. The average bonus, of those who reported bonuses at this compensation level, is 19% of base salary. Sixty percent of the \$150,000+ earners receive bonuses, with the average being 30% of base pay, for those earning more than \$200,000. As the total compensation rises, the percentage that is included in the Club members are better able to articulate the basis for the bonus; although the relative order of those earning more or less than \$100K was the same, those higher up on the compensation scale are more likely to cite the frequencies of each of the reasons for their bonus. Company financial goals are the leading basis for bonuses with 96% of top earners reporting so, followed by department cost targets (31%) and cost target achievement (29%).
- ✂ Forty-seven percent of the \$100,000 club is offered stock options; this compares with a mere 10% of wage earners being given stock options in 2002.
- ✂ Forty-two percent of the \$100,000 club members receive both bonuses and stock options; 58% receive neither. The average value of stock options among top executives dropped in the past year to \$20,000; the median stayed the same at \$20,000.
- ✂ This year's highest paid executive (\$590,000) is a female who has been employed in purchasing for 10 years. Working in the nonmanufacturing sector, she is a purchasing VP at a company with annual sales of \$1 billion.
- ✂ The second highest paid executive (the top-paid male) earned \$390,000, \$90,000 of it in bonus. He is a 44-year old materials manager who has been working in purchasing nearly all of his career, overseeing 16 people and more than \$500 million in purchasing.
- ✂ Nineteen women are included in this year's \$100,000 Club. The group ranges in age from 32 to 63 and has an average 18 years of experience in purchasing. Although the sample size is too small to make a statistically significant comparison, they are on average younger (47 versus 50 years old) and have less purchasing experience (18 versus 19 years) and supervisory responsibility (10 versus 12 subordinates) than their male counterparts.

#### One hundred thousand dollars or more

\$100,000+      \$150,000+      \$200,000+

<b>Total who earn</b>	<b>183</b>	<b>40</b>	<b>15</b>
Men	161	36	14
Women	19	4	1
Average salary	\$135,500	\$202,200	\$265,400
Highest salary	\$590,000	\$590,000	\$590,000
Average age	49	51	51
Average years experience	19	21	21
Average number subordinates	11	23	39
Median number subordinates	6	11	16
Percent receiving bonus	86%	92%	93%
Average bonus % (those receiving)	19%	30%	39%
Percent receiving stock options	47%	55%	33%
Average stock option value*	\$74,200	\$158,300	\$421,300
Median stock option value*	\$20,000	\$40,000	\$350,000

\*Includes those whose stock options currently have no value; values are rounded to the nearest hundred dollars.  
SOURCE: PURCHASING

### One hundred thousand dollars or more

(Distribution of purchasing professionals earning \$100,000 or more according to commodity)

<b>Commodity</b>	<b>\$100,000+</b>	<b>\$150,000+</b>	<b>\$200,000+</b>
Metals	14%	15%	7%
Components	17%	20%	13%
Chemicals	16%	12%	13%
Electronics	9%	8%	7%
MRO	7%	—	—
Packaging	9%	12%	13%
Machinery	7%	5%	13%
Services	6%	8%	7%
Office Equipment	1%	—	—
Information Technology	5%	5%	7%
Transportation/Freight	2%	2%	—
Multiple Commodities	4%	5%	13%

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