



2014 Annual Report of Purchasing Salaries and Employment Trends

Surveying Purchasing Wages Since 1974

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Many Purchasing Salaries Decline

It will be no surprise to you that wages are not keeping up to the cost of living. This is certainly true of salaries paid to many who work in purchasing. This does not mean you can't earn a high salary far above the average person, but it may not be as high as it once was. See the graph on the next page comparing salaries to the Consumer Price Index.

The factors that affect salaries of purchasing personnel still apply. Those with more experience generally make more than those with little experience. Those with more specific purchasing experience do better than those entering buying or purchasing management jobs from other types of work.

What To Expect

The future of the purchasing profession is still good. However, growth in available jobs will not exceed growth in the economy or the number of firms that buy goods and services.

Those wishing to enter the field will need more education and more technical knowledge. Those with good computer skills will be given preference over those with little computer know-how.

Raises Given In 2014

19.6% of the respondents to the survey indicated they received no raises in 2014. Those who received raises were given an average of 4.0% or a median of 3.0%.

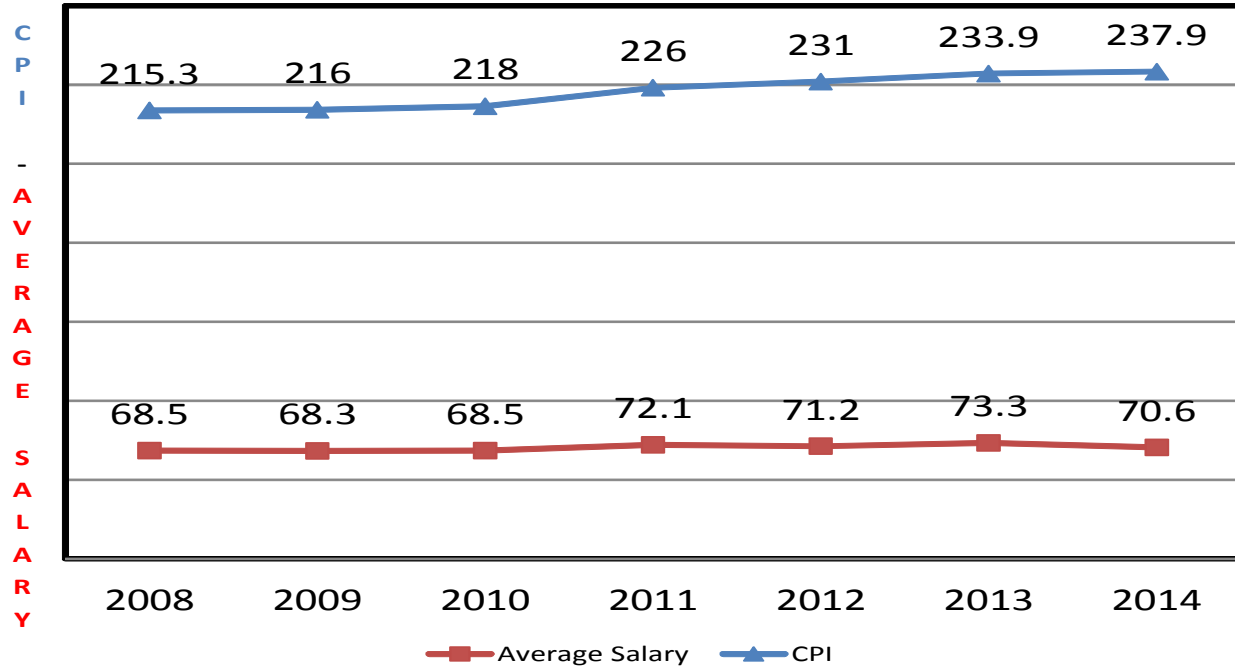
Staffing Level

Over 75% of the respondents indicated there would be no change in the staffing level of their purchasing departments. 18.2% expect to add personnel, Almost 6% expect to reduce or replace some workers.

Total Spent

The total amount spent by all of the respondents amounted to \$8.7 billion, although most indicated that the figures reported were estimates rather than actual data.

Annual Average Salaries With Purchasing Titles in Thousands of Dollars Compared to Price Index



Note: Average salary is illustrated annually in thousands of dollars and is for all purchasing personnel. The figures for the CPI are government data in hundreds at the end of each year except for the year 2014 which is for the month of August and the latest available at the time of this publication. The Consumer Price Index between August 2008 and at the time of this publication in 2014 increased by 10.5%, whereas purchasing salaries increased by 3.1% during the same period.

Based on the analysis of the American Purchasing Society’s 2014 Salary Survey sample, with 95% confidence, the average salary for all those with purchasing occupation titles is \$70,600. This compares to \$73,297 for the results of the Society’s 2013 survey.

With 95% confidence, the average salary in 2014 for those with the title of buyer/buyer planner is \$55,975 with a margin of error of plus or minus \$3,573, compared with \$58,900 in 2013.

The average salary for purchasing managers in 2014 is \$76,733 compared to \$72,819 2013. Salaries of purchasing managers vary more than salaries of other titles. Calculation of the 2014 sample average salary for purchasing managers yields a 95% confidence with a margin of error of plus or minus \$3,815. The wide variation in manager’s salary is most affected by industry, amount of purchased goods and services, and experience. Note the minimum and maximum figures shown on the following pages.

Proper evaluation of your salary level should consider all of the variables indicated on this report as well as other variables that are unique to a particular organization and particular individual. For example, individual job performance is a difficult, if not impossible, variable to measure from a survey. In addition, performance is often subjective. The boss may not give credit when credit is due. Individuals are likely to inflate their achievements.

Other variables that are difficult to measure include nepotism and politics. Their effect on salary may be to unjustifiably inflate remuneration for some individuals and restrict the proper amount being paid to others. In practice, these two variables are not likely to be significant in affecting the results of the survey since most organizations are primarily concerned with performance and producing a profit. Intelligent executives and general management must pay a competitive rate to obtain and keep qualified people.

Condensed 2014 Annual Report of Purchasing Salaries and Employment Trends

Comparison of Sample Annual Purchasing Occupation Salaries by Title In Thousands of Dollars

Major Purchasing Titles	2013				2014				Average % Change 14 vs. 13
	Average	Median	Min	Max	Average	Median	Min	Max	
Buyer & Buyer Planner	58.9	58.5	32.0	95.0	56.8	57.5	26.0	94.4	-3.6
Purchasing Agent	53.9	52.0	26.0	85.0	51.0	47.0	29.1	90.0	-5.4
Purchasing Manager	72.8	70.0	40.0	122.0	76.7	75.5	38.0	125.9	5.4
Materials Manager	*	*	*	*	86.5	84.0	40.0	162.0	*
Supply Chain Manager	91.9	76.5	62.0	150.0	*	*	*	*	*
Director of Purchasing	99.1	90.0	50.0	160.0	92.9	88.5	40.0	150.0	-6.3
VP of Purchasing	137.0	150.0	98.0	170.0	121.3	122.5	100.0	140.0	-11.5
Purchasing Coordinator	*	*	*	*	48.3	41.0	40.0	60.0	*
All Purchasing Titles	73.3	67.9	26.0	170.0	70.6	56.8	26.0	162.0	-3.7

*Sufficient data unavailable for a reliable figure.

If you have been listening to the news in recent months you will not be surprised to learn that salary levels have not kept pace with the cost of living. Neither have the salaries of many longtime purchasing professionals. Note the above table shows an actual decline in the average salary rate paid for many purchasing titles in 2014 compared with 2013. This does not mean that everyone received less. Some were fortunate to receive a higher salary. But lower salaries in general may be attributed (in the recent sample) to the earnings of new people in the field who may have replaced those who were receiving a much bigger salary than the new hires.

Furthermore, a downturn in the economy resulted in more available applicants looking for a job and willing to take less than what they previously were making. Nevertheless, in general, purchasing people earn more than many other occupations. Those who make a lifetime

career in the profession do well. As you see from the above table (and the information about the rewards from experience), career purchasing people have the possibility of being in the top earners if they perform well and are with an organization that values its employees.

Another news item that you should be aware of is the discussion about the appropriateness of asking for a raise. Some of us remember the time when the conventional wisdom was to be patient and wait for recognition for your contributions to be rewarded. Some patience is still called for, but if you continue to be ignored when you know you have added to your company's profit and can prove it, it may be time to speak up.

See the charts and tables on the next pages to see what salaries are now paid to purchasing people and what factors affect the salary level.

Purchasing Personnel Receiving Bonuses Comparing 2014 to 2013 (in dollars)

Title	2013					2014				
	Average	Median	Min	Max	% Receiving	Average	Median	Min	Max	% Receiving
Buyer/Buyer Planner	9,887	3,500	200	112,270	91.4	1,674	0	0	10,000	45.5
Purchasing Agent	3,569	4,250	200	7,500	48.4	1,548	500	0	6,600	60.7
Purchasing Manager	7,820	5,250	500	43,000	63.9	5,288	3,000	0	50,000	68.5
Materials Manager	*	*	*	*	*	10,522	3,500	0	25,000	63.6
Supply Chain Mgr.	10,450	11,200	800	20,000	75.0	5,670	4,800	0	15,000	55.6
Director of Purch.	14,377	9,750	1,000	82,000	54.3	8,253	5,000	0	60,000	68.1
Vice President	44,000	31,000	14,000	85,000	87.5	44,000	31,000	14,000	85,000	87.5

Purchasing Salaries By Type of Industry

The Bureau of Labor Statistics reports wage information about four hundred different industries or sub-industries. The Society's survey only produced sufficient data on the following major industries.

Median Annual Salary In Thousands of Dollars

Industry	2013	2014
Banking	54.5	56.0
Construction	85.5	87.0
Distribution/Warehousing	66.0	60.0
Education	64.0	59.2
Engineering/Research	70.0	52.0
Entertainment/Lodging	71.0	66.3
Government	59.1	71.5
Hospital/Healthcare	68.0	67.5
Manufacturing	66.6	72.0
Mining	80.0	*
Services	77.3	64.0
Utilities	73.5	*

* Sufficient data not available on marked items.

Raise Amount In 2014

The survey indicated that the average 2014 purchasing personnel raise was 4.0%. The mean was 3.0%.

The Dollars Spent By Purchasing Operations

The total amount reported spent annually by all respondents to the 2014 survey is \$8.7 billion compared with 13.1 billion in 2013 and \$9.0 billion in 2012. Some of the respondents to the survey did not indicate how much their purchasing department spent. 9.8% either failed to answer the question or replied with a zero amount spent. 81% of the respondents estimated the amount spent.

Median Annual Salary In Thousands of Dollars

Amount Spent	2013	2014
Up to \$4.9 Million	56.1	66.2
\$5.0 Million to \$9.9 Million	62.4	66.0
\$10.0 Million to \$24.9 Million	69.5	67.0
\$25.0 Million to \$149.9 Million	81.9	72.5
\$150.0 Million and Over	110.0	71.0

Survey Method

In 2014 15.0% of the Society's members responded to the APS Salary survey compared with 14.3% in 2013. Data for the most frequently used titles are likely to provide the most reliable averages. Although the submission of anonymous responses are permitted, many choose to include their names and company affiliation. Responses are kept confidential and not disclosed to third parties.

Comparing Education and Annual Purchasing Salary In Thousands of Dollars

Education	2013 Survey Results				2014 Survey Results				Median % 2014 vs. 2013
	Average	Median	Min	Max	Average	Median	Min	Max	
High School	68.2	68.5	34.3	112.0	64.9	64.3	35.6	106.0	-6.1
Some College	68.7	67.8	32.0	170.0	68.9	65.0	20.0	162.0	-4.3
Associate Degree	70.5	65.0	35.4	160.0	64.9	63.5	26.0	105.0	-2.3
Degree	73.5	66.3	26.0	160.0	74.1	71.5	26.0	150.0	7.8
Advanced Degree	73.5	65.0	42.0	150.0	77.3	65.0	38.0	140.0	0
MBA	96.8	88.5	60.0	166.0	87.0	88.0	29.1	162.0	-0.1

Buying Power Relates to Salary

As reported in previous years, the dollar amount that purchasing personnel are authorized to buy is an important factor that determines the salary paid. You can see from the table below there are significant exceptions. Organizations that give more authority to buy, pay relatively

lower salaries for junior buyers, but higher salaries at the top levels. Note that some purchasing professionals earn high salaries even though they have no power to authorize purchases. These individuals may hold staff functions in larger corporations.

Comparing Authority and Annual Purchasing Salaries In Thousands of Dollars

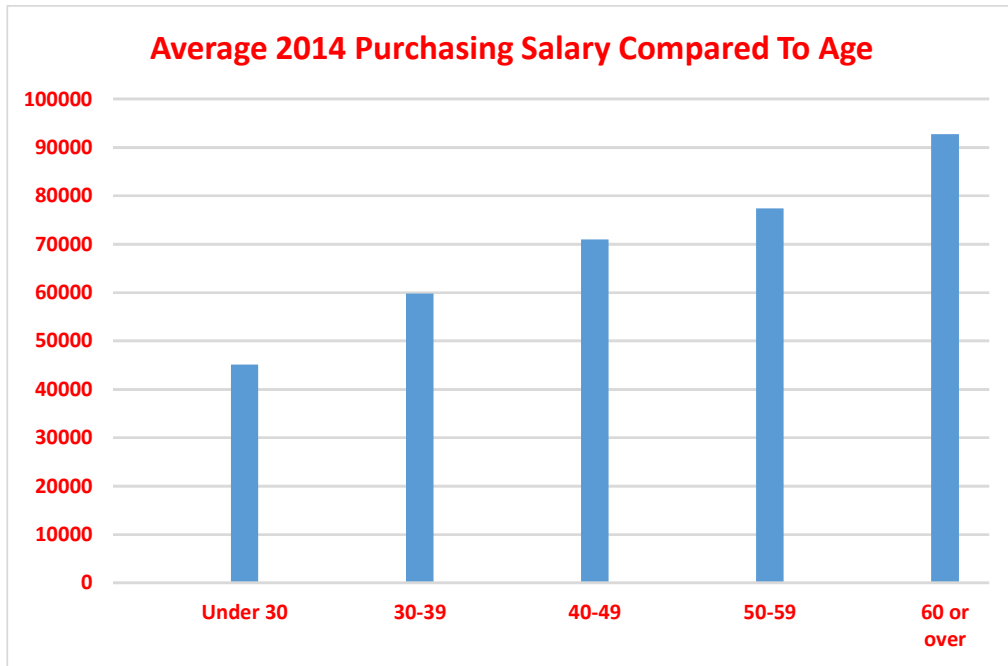
Authority Level	2013 Survey Results				2014 Survey Results				Median % 2014 vs. 2013
	Average	Median	Min	Max	Average	Median	Min	Max	
No authority	66.5	60.0	34.3	150.0	59.7	54.0	20.0	125.0	-10.0
Under \$10000	65.9	64.7	26.0	120.0	66.2	64.0	31.0	140.0	-1.1
\$10K to \$99K	74.0	66.0	32.0	170.0	71.4	70.0	26.0	140.0	6.0
\$100K to \$499K	77.4	74.0	42.9	150.0	80.7	76.5	39.0	162.0	3.4
\$500K and over	83.3	72.0	32.0	166.0	83.3	80.0	40.0	150.0	11.1

Comparing Salary to Experience or Age In Thousands of Dollars

Age	2013 Survey Results				2014 Survey Results				Median % 2014 vs. 2013
	Average	Median	Min	Max	Average	Median	Min	Max	
Under 30	51.1	47.5	32.0	75.0	45.2	43.5	29.1	70.7	-8.4
30 to 39	58.9	55.0	32.0	130.0	59.8	57.0	26.0	130.0	-3.6
40 to 49	71.5	68.0	26.0	154.0	71.0	68.0	20.0	150.0	0
50 to 59	80.3	78.5	39.0	170.0	77.4	74.0	31.0	162.0	-5.7
60 or Over	81.5	73.0	41.0	160.0	92.7	84.0	57.0	140.0	15.1

Salary increases with experience. Life experience as represented by age, or purchasing experience in particular, helps determine the salary level. Those with one to five years of purchasing experience have an average salary of \$58,942 or a median salary of \$54,080. Those with six to ten years of experience have an average of \$70,744

or a median of \$65,000. And those with ten or more years of experience earn an average of \$79,358 or earn a median of \$77,000. Throughout one's life increases tend to be based on the initial amount obtained. Figures in the above table may be less reliable for ages under 30 because of the small amount of data available.



As you will see from the chart below, salary tends to increase with company size, but there are many individual exceptions. However, generally speaking those reaching higher purchasing positions with large companies make more compared to those in smaller firms. Certain small companies pay much higher than the average, while some large firms pay much less than others. Pay more attention to the responsibility and the associated title rather than the size of the organization.

