

2009 SALARY SURVEY

Results vary, but there's an overall cause for optimism

By Lisa Wichmann

Despite wage freezes and lay-offs in the Canadian workforce, supply chain managers seem to be holding their own. Though salaries are down in manufacturing, natural resources and education, results of the 2009 PMAC/ *Purchasingb2b/ MM&D* salary survey, sponsored by MERX, show an average pay of \$78,100, an increase from the \$76,430 earned in 2008.

The theme of this year's survey is the economic downturn. With employment taking a hit in central and western Canada, the questions aimed to discover how supply chain managers are surviving the recession.

The survey was fielded in July 2009, and involved 1,929 supply chain respondents, from the Purchasing Management Association of Canada's membership database, and the circulation lists of *Purchasingb2b* and *MM&D*.

Overall, the news was good. Of the total respondents, 56 percent said their salary increased. On average, the hike was 3.1 percent. Alberta and the Atlantic provinces saw the biggest gains.

Respondents in Alberta make an average of \$89,300—a boost from the \$84,255 earned in 2008; while those in Atlantic Canada earn \$65,100, a jump from \$60,270 the year before.

Though some industries are struggling, the downturn seems to have raised the esteem of supply chain management in the eyes of the C-suite. When presented with the statement: "The economic downturn has made my skills/ experience more appreciated at my organization," 71 percent of respondents agreed.

“As I'm in government, the downturn has not had a hugely negative effect. However, it is incumbent on staff to do more with less, hold off on additional resource requests, make reports to council on cost saving activities...”

—respondent

Procurement was viewed as a cost centre for years, but senior leadership at many organizations realize it can spearhead cost control programs. That might explain why supply chain pay rates in several industries were somewhat immune to wage freezes and cuts.

Services, for instance, saw a big surge. Respondents in this sector report earnings of \$83,300, a leap from the 2008 average of \$76,002. Healthcare saw a sizable gain: \$73,600, compared to \$68,199 in 2008.

Government salaries were also up (\$72,500 compared to \$67,845 in 2008), along with trade/ wholesale (\$73,800 versus \$71,308). Natural resources is still the highest-paid category, with an average rate of \$90,800,

though salaries dipped from the \$92,889 reported last year.

Gauging the aftermath

With many sectors showing salary advances, there are clearly signs of hope. But it's obvious the downturn has cut large swaths through jobs and salaries in the manufacturing sector.

When looking at salaries by industry, the average for manufacturing in 2009 dropped to \$71,600, compared to \$71,744 in 2008. The education sector was also down, at \$71,300 compared to the 2008 average of \$71,445.

Ontario is showing the effects of a softer manufacturing sector. Supply chain salaries in this province could only be described as neutral, at \$77,900, compared to \$77,640 in 2008.

Resource-dependent British Co-

lumbia was the only province showing a decline in salaries, at \$74,900, compared to the above-average rate of \$78,029 in 2008. Manitoba and Saskatchewan are gaining momentum. Respondents there earn \$67,800, a climb from the 2008 figure of \$64,519. Quebec saw an increase in line with the industry average: \$74,800, compared to \$72,413 in 2008.

Who are you?

Without a doubt, procurement is a diverse field. The responsibilities vary by industry, company size and location. Even so, the salary survey gave a clear picture of the 'average' respondent.

According to the data, this year's respondent is 44 years old, has just over



15 years experience in supply chain or procurement management, and has been in their current job for 5.5 years. Personal annual spend volume is \$17.8 million; they supervise an average of five people; and work 43.5 hours per week.

Respondents who have strategic sourcing in their titles earn more on average—\$86,600 (net), a clear indication of the import placed on the role, particularly during an economic downturn.

“As an owner, I’m working more in the day-to-day due to staff cuts. We will be retooling our team once the economic climate becomes more positive.”

—respondent

Though company size ranged from small business to large enterprise, the split among respondents was pretty equal, with 47 percent from organizations with more than \$100 million in annual revenues, and 43 percent from those with less than \$100 million.

In terms of company hierarchy, 38 percent classify themselves as managerial, 24 percent are in operations, 16 percent said they’re clerical/administration staff and 12 percent call themselves supervisors. Eleven percent are executives.

Pay rates follow the pattern, with supply chain executives earning an average of \$121,400. Those with a purchasing or procurement title earn an average \$72,500, with the following breakdowns:

- Executive: \$90,700;
- Managerial: \$83,500;
- Tactical: \$62,100

Moving on up

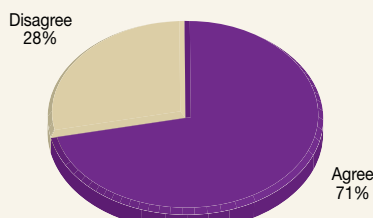
Though it’s hard to predict the future, optimism seemed to prevail among respondents. When asked where they plan to be in two years, 37 percent said they’ll be getting promoted within the same organization; 43 percent said they’ll hold the same job as today; and 24 percent see themselves joining another organization. Seven percent plan to change careers, five percent will start their own business, and only four percent are looking at retirement.

Speaking of retirement, the golden years seem to be the most lucrative. Salaries peak at age 56 to 64, when respondents earn \$87,600. Then they taper off a bit (\$75,300 for those over 65). Those 46 to 55 have nothing to complain about, at \$86,300, while the ‘juniors’ bring up the rear at \$75,000 (age 36-45); \$66,000 (26 to 35); and \$51,300 (under 25).

The data shows a fairly high level of education. Of the total respondents, 33 percent said they have a university degree, while 22 percent have some university courses. A further 21 percent have a college diploma. The other categories are less populated, with five percent saying they have an MBA; two percent with a PhD or other Masters; six percent with a trade/technical diploma; and eight percent with high school or less.

In terms of the field of study, 29

The economic downturn has made my skills/ experience more appreciated at my organization



Salary trends 2009

*Based on 1,929 responses

Annual gross salary for 2009

Average \$78,100

Gender

Male \$83,600
Female \$69,900

Education level

MBA \$103,100
Ph.D \$88,000
Other Masters \$80,300
Undergraduate degree \$78,600
Some university \$81,200
CEGEP (Quebec) \$71,900
College diploma \$70,700
Trade/technical diploma \$73,400
High school or less \$76,800

C.P.P. designation

Yes \$89,300
Working on C.P.P. \$64,400
Don't have/not working on \$82,500

Sector

Natural resources \$90,800
Service \$83,300
Trade/ Wholesale \$73,800
Healthcare \$73,600
Government \$72,500
Manufacturing \$71,600
Education \$71,300

Location

Alberta \$89,300
Ontario \$77,900
BC \$74,900
Quebec \$74,800
Manitoba/Sask \$67,800
Atlantic \$65,100

Age

Over 65 \$75,300
56-64 \$87,600
46-55 \$86,300
36-45 \$75,000
26-35 \$66,000
Under 25 \$51,300

Company revenue

More than \$100 million \$87,000
Less than \$100 million \$69,900

SCM executive

\$121,400

Purchasing/ Procurement

Executive \$90,700
Managerial \$83,500
Tactical \$62,100

Strategic sourcing

Executive \$86,000
Managerial \$86,900

Logistics information

Executive \$101,000
Managerial \$88,800
Tactical \$57,000

Inventory/ Material control

Executive \$89,000
Managerial \$68,000
Tactical \$55,800

percent have a general business degree or diploma; 11 percent have a degree or diploma in procurement/ supply chain/ logistics; nine percent name accounting and finance as their discipline, eight percent indicate materials/ operations management and seven percent are engineers. From there, the list continues, to include administration/ human resources (six percent); marketing/ advertising (five percent) and other disciplines.

Does education make a difference? Twenty years ago, the answer would probably have been negative. But survey results consistently show higher earnings based on post-secondary education. MBAs top the charts at \$103,100. Holders of a university degree earn \$78,600 and though puzzling, those with 'some university courses' report an average salary of \$81,200.

Why those with a partial degree

The average respondent	
Salary	\$78,100
Years of experience in SCM	15.2
Years in current job	5.5
Number of people you supervise	5
Annual sourcing volume (personal)	\$17.8M
(PMAC member:	\$18.6M)
(Non-member	\$11.8M)
Annual sourcing volume of department	\$38.3M

earn more than those with a degree is open to speculation, but most likely represents a population in the survey who have a specialized skill, such as a second language for global sourcing, or rare subject matter expertise.

33 percent. From there, the list descends, from industry-specific training (26 percent); Bachelors degree (20 percent); college business courses (11 percent).

Even so, the profession isn't denying its roots, as countless supply chain managers joined the field right out of high school, and have done exceedingly well. That explains the 70 percent agreement to another statement: "experience/ skills/ ability are more important than education in getting ahead in this business."

For some, 'getting ahead' means a seat at the executive table. On that note, 35 percent say they have influence at the C-level, while 27 percent would like to have more.

“The field is growing out of necessity as most businesses are in survival mode now and supply chain can make or break a company. Salaries are where they should be during these tough times. Incentives should be based more on cost savings to the bottom line.”

— respondent



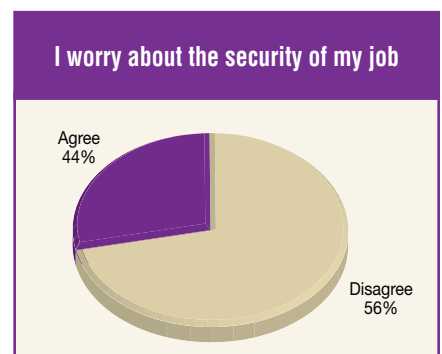
Professional accreditation is also held in esteem by employers. Respondents with the C.P.P. designation (Certified Professional Purchaser), report earnings of \$89,300 for 2009, while those who don't have a C.P.P., or are working on their designation, earn an average of 73,450.

When presented with the statement, "For me to get ahead in my job, I should really have a professional designation," 72 percent agreed. When asked a slightly broader question: "Personally, do you feel you need further education/ professional development to progress in your career?" 70 percent said "yes."

What are they setting their sights on? Fifty-three percent see a professional designation as their top requirement. The second most sought-after is an MBA, at

Cut-backs by employers

As many purchasers know, their career trajectory depends in large part on the support of their current organizations. Year after year, the salary survey shows strong support in terms of employers providing training and courses. But this year, budgets are thinner.



“All I know is that I’m currently in the forest industry and my salary has been frozen for the last three years. With the recession, there are many skilled and experienced workers on the market.”

— respondent

In the survey, 79 percent of respondents say their organizations pay for educational courses, compared to the more robust 96 percent in 2008. Employers footing the bill for professional memberships is also off slightly, at 74 percent, compared to 77 percent the year before.

Not surprisingly, respondents’ satisfaction levels with their career and professional development correlate with the softer funding. This year, 78 percent are satisfied with their develop-



What is the top supply chain issue you anticipate you’ll be facing during the next year?	
Cost control	54%
Supplier relationships	34%
Reorganization	30%
Risk management	27%
Forecasting	25%
Inventory visibility	18%
Technology upgrade	17%
Skills shortage	16%
Transportation	14%
Environment/ CSR	13%
Overseas sourcing	13%
Outsourcing	13%
Capacity shortages	12%
Software/ SaaS	8%
Other	4%

ment, compared to 84 percent the year before.

The survey also asked about satisfaction levels with pay rates, vacation time, work/life balance, pension and benefits. Like last year, the majority of respondents said they’re satisfied on all counts.

What’s also interesting is the economic recession hasn’t shaken respondents’ confidence in their own worth. The questions asked how important they consider salary, vacation time, professional development and other factors. All the areas were seen as just as important as last year, give or take minor variances.

The data shows purchasing and other supply chain professionals know they bring value to their organizations, and though they might make some concessions in a downturn, they still expect fair terms on pay, and other parameters around their employment.

When presented with the statement: “My company has come to realize our business could not function without supply chain professionals,” 73 percent agreed, up from 69 percent in 2008.

Though the statistic is heartening,

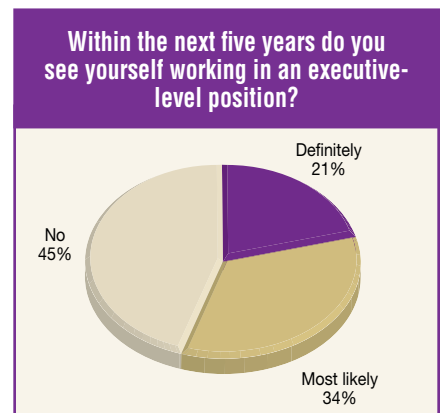
the trend isn’t gender-neutral. Once again in the salary survey, women earn less than men, at \$69,900 and \$83,600 respectively. The disparity is repeated year and year, and is one of the longest prevailing trends in the field. The gap isn’t closing at all, a point which merits closer study on the part of organizations, associations and councils.

Changing skills

How has the recession affected day-to-day responsibilities? When asked the question, 38 percent said there’s been no change in their employment situation, while 29 percent said they have the same job, but more responsibility due to reduced staff. The remainder of the respondents were split between various categories, such as reduced hours, job sharing, job change and promotion.

The downturn is clearly shifting the emphasis in the area of skills. Usually, when asked about the top skill needed for the job, “people skills” is the top-rated by a long shot. It’s in first place again this year, with 31 percent of respondents calling it out. But what’s interesting, is last year, 60 percent of respondents cited it as number one.

How do we explain the drop-off? Organizations are elevating cost-saving skills such as negotiation ability, which was cited by 17 percent of respondents,



Post-recession pull-up

Toronto—A new survey shows employers see hiring additional staff and raising salaries for current employees as the top two priorities when the economy improves.

The study, conducted by Robert Half Finance & Accounting, a financial recruitment services firm, involved telephone interviews with 100 senior executives across Canada. Executives were asked, "In which one of the following areas are you most likely to increase spending when the economy improves?"

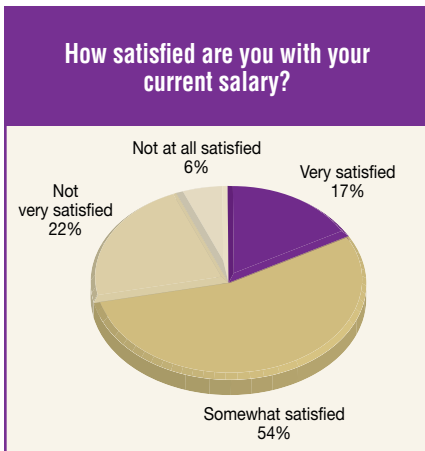
Hiring additional staff was cited by 22 percent of respondents, along with increasing salaries for existing staff (22 percent); followed by investing in employee training (20 percent) and increasing or reinstating bonuses (14 percent). Enhancing employee benefits also made the list, at six percent.

"As companies emerge from the downturn there will be an increased demand for skilled professionals to assist with the projects that were deferred during the recession," says Kathryn Bolt, president of Robert Half Finance & Accounting's Canadian operations.

"Firms will need to rebuild their teams in order to capitalize on future opportunities and position themselves for growth."

According to Bolt, employers should invest in their existing workforce to reduce the chance of losing top performers. "Employees need to be rewarded for the additional load carried during tough times," she said. "If increasing compensation is not feasible, there are other methods to recognize employees, such as granting additional vacation days or offering telecommuting options."

b2b



up from 10 percent the year before. Analysis skills are gaining favour (14 percent from nine percent in 2008); along with planning (forecasting) which was cited by 13 percent, compared to eight percent last year. Project management skills are also gaining esteem (11 percent, over nine percent in 2008).

Respondents will no doubt be putting those skills to good use. Right now, their main priority seems to be cost control, which was cited by 54 percent of respondents as the number one issue for the year ahead. Supplier relationship management came in second at 34 percent, followed by reorganization at

"Canadian CEOs / CFOs still do not get our value proposition. For the most part we are still considered "support staff." The US and UK get it, but not Canada! Our salaries clearly reflect this."

—respondent

30 percent. Risk management ranked highly at 27 percent, as did forecasting, at 25 percent, followed by inventory visibility (18 percent); technology upgrade (17 percent) and the skills shortage (16 percent). Other issues on the radar include overseas sourcing, outsourcing and capacity shortages.

With those pressing concerns on their dashboards, supply chain managers will likely have little time to ruminate about their salaries during the coming months. Still, it will be interesting to see how their hard work and determination pay off in 2010. **b2b**

We welcome your letters. Contact the editor at lisa.wichmann@rci.rogers.com

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