In 2015, supply management professionals reported that salaries grew strongly as compared to 2014. This may be due in part to a stronger job market in 2015 after softness in 2014. Generally, both salaries and overall compensation took a healthy step forward in 2015 compared to 2014. This year, as was the case last year, base pay is a key factor when evaluating employment opportunities.

Institute for Supply Management’s Eleventh Annual Salary Survey finds that, in 2015, the average compensation for all participating supply management professionals was US$109,961, an increase of 7.9 percent compared to the average found for calendar year 2014 ($101,944).

The median compensation in 2015 increased 6.9 percent to $93,000, versus $87,000 in 2014. The average compensation of the top 10 percentile of earners was $266,166, up 8.2 percent compared to $246,108 in 2014. The average base salary of the top 5 percentile of earners in 2015 was $331,604, up almost 1 percent compared to $329,225 the year before. Finally, the proportion of supply management professionals earning $100,000 or more increased to 44 percent, as compared to 38 percent in 2014.

In 2015, as in previous years, ISM asked participants about their gross salary, and then, separately, how much their salary changed between 2015 and 2014.* The change in base compensation received by supply chain professionals was reported up 4.1 percent, the same as in 2014. Also, 85 percent of respondents reported that their base salaries increased, the same as in 2014. Only 5 percent reported salary reductions (matching 2014). Those who experienced an increase in salary reported an improvement of 5.3 percent on average — up slightly from 5.2 percent in 2014. Those reporting a salary decrease in 2015 saw it shrink by 6.6 percent, a notable difference from the reported average decline of 5.4 percent for that group in 2014.

Like last year, many respondents saw 2015 as a year to focus on opportunities to improve their wages. Respondents were asked to indicate and rank 14 factors that are commonly considered when evaluating employment opportunities. For this question, a ranking of “1” was highest and “14” lowest. By both measures, the most important consideration was wages paid (an average rank of 3.0, and indicated as important by 92 percent of respondents). Job satisfaction was again the second-most important factor, with an average rank of 4.2 and mentioned by 89
percent of respondents. The next five most important factors, by average rank and percentage mentioning, were: prospect of improved work/life balance (5.2, 86 percent); benefits package (medical/dental/vision) (5.7, 86 percent); financial stability of the organization (6.3, 82 percent); organizational culture/work environment (6.4, 82 percent); and pension/retirement plan/401(k) or similar plan (6.4, 84 percent). The least important factors were: organizational commitment to sustainability/social responsibility programs (11.8, 67 percent); health and wellness programs (11.0, 70 percent); and educational opportunities (10.6, 70 percent).

**Bonuses, Stock Options and Benefits**

As is typically the case for most professions, respondents report that bonuses and stock options can provide a notable boost to base pay. Sixty-four percent of respondents received a bonus this past year (up from 60.7 percent in 2014). Their average bonus was $21,513, or 20 percent of average base salary (down from 21 percent in 2014). The median bonus in 2015 was $10,000, up 11 percent from 2014.

On average, bonuses depended on a combination of company results (34 percent), department results (17 percent), individual results (23 percent) and other results (26 percent). At the upper end of the scale, the average of the top 10 percentile of bonuses paid was $165,910, up 45 percent from $114,412 the previous year. The average of the highest 5 percentile of bonuses paid was $201,923 — up 22 percent compared to $165,253 in 2014.

In 2015, 11.5 percent of respondents received stock options. The average value of stock options received was $104,867.
earned stock options, which is 0.5 percentage point higher than in 2014. The average dollar value of stock options awarded was $38,748. The median value of stock options awarded was $12,500. Both the average value and median value of stock options increased compared to 2014 — up 35 percent for the average (from $28,705) and up 4.2 percent for the median (from $12,000). The average value of the top 10 percentile of stock options granted was $297,863, up 94 percent compared to $153,897 in 2014. The top 5 percentile of options granted was $364,344 — up 68 percent compared to $216,533 in 2014.

Employers continue to offer a wide range of fringe benefits, including: health insurance (offered by 92 percent of respondents’ employers); pension/retirement plan/401(k) or similar plan (88 percent); dental insurance (84 percent); life insurance (81 percent); vision insurance (77 percent); short term disability (70 percent); long term disability (68 percent); tuition reimbursement (65 percent); wellness programs (62 percent); paid training/professional certification (55 percent); personal communication device (53 percent); paid maternity/family leave (50 percent); performance bonuses (47 percent); association membership (38 percent); long term care insurance (36 percent); health club membership (24 percent); personal legal services (18 percent); vehicle/vehicle allowance (10 percent); childcare (7 percent); identity theft protection (7 percent); accounting/tax services (4 percent); elder care (4 percent); and other fringe benefits (3 percent).

Position and Experience

Many factors influence the compensation package offered to an employee. These factors may include position and level of responsibility, work location, size of the organization, and industry and market served. Elements more under the control of an employee include experience, work history, educational level and credentials.

Due to the variety of job titles
among supply management practitioners, this year the survey asked respondents to construct a title from four separate components. To facilitate comparisons to previous years, this title information was coded into the nine positions utilized in previous years. Respondents who are classified as emerging professionals (practitioners with eight or fewer years of experience in the profession) earned an average salary of $74,977. Those indicating that they are experienced professionals (nine or more years of experience) earned on average $86,337. On average, managers earned $109,817. Those classifying themselves as directors earned on average $155,103. Responding vice presidents earned on average $199,583 and chiefs or heads of supply management earned $241,902. The average salary of respondents classified as a chief increased 5 percent compared to 2014 ($229,588).

As in past ISM salary surveys, and as is generally observed in most professional fields, longer tenure within the field is closely related with higher rates of pay. Supply management professionals working in the field for 15 or more years can expect to earn 55.6 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 $120,978, while the average salary for those with eight or fewer years of experience was $85,066.

Supply management professionals with 5-8 years of experience earned on average $89,706. Professionals with 9-14 years of experience earned an average of $100,355, those with 15-19 years of experience were compensated $114,099 on average and those with 20 or more years of experience enjoyed an average salary of $124,493.

Salaries varied between industries as well. Respondents classified themselves into one of 36 industry sectors. Professionals working in the apparel, leather and allied products industry enjoyed the highest average salary: $164,600, 29 percent more than the average pay of $127,980 reported by the most lucrative industry in 2014, petroleum and coal products.

Industries rounding out the top five included: petroleum and coal production ($150,165); real estate, rental and leasing ($148,286); information (publishing, entertainment, and service provider industries) ($133,958); and agriculture, forestry, fishing and hunting ($131,392). The industry reporting the lowest average salary was furniture and related products at $73,327 per annum. The second- and third-lowest paying industries this year were printing and related support activities ($73,684) and public administration ($84,171).

Industries with the largest positive change in salary compared to 2014 included apparel, leather and allied products (up 106 percent) and real estate, rental and leasing (up 75 percent). Those with the largest decline in salary included furniture
and related products (down 21 percent) and printing and related support activities (down 6 percent). These substantial swings in average compensation are most likely due more to differences in the sample at the industry level, year-over-year, rather than sharp increases or decreases in compensation paid within those industries.

Among the 36 industry sectors, 18 reported average salaries higher than the overall survey average of $109,961.

**Pay Rises with Education**

Education is an important factor that may influence the salary earned by a supply management professional. Supply management professionals with a bachelor’s degree earn 30 percent more ($103,366) than those with only a high school education ($79,782), and 20 percent more than those with an associate’s degree ($85,882).

Completing education beyond a bachelor’s degree also positively affects average salary. Supply management professionals with a master’s degree ($123,999) earned 20 percent more than their counterparts with only a bachelor’s degree. In 2015, respondents with a doctorate degree earned on average $157,593. This is 27 percent more than those with a master’s degree and 52 percent more than those with a bachelor’s degree.

In addition to educational attainment, fields of study also influenced average earnings. In 2015, respondents with degrees in engineering or technology reported the highest average salary ($122,012) while professionals who studied supply management reported an average salary of $111,035. Respondents with a degree in a business field other than supply management reported an average salary of $115,487, while a practitioner with a liberal arts degree earned an average of $98,894.

As was the case from 2014, in 2015 individuals who studied supply chain in college earned less on average than professionals who studied another business field. Again, this may be explained by the relative youth of supply chain as a field of study. Additionally, while 51 percent of supply chain majors have worked eight or fewer years on the job, 62 percent of other business majors have 20 or more years in the profession.

**ISM Certifications Pay Out**

Earning an ISM certification continues to elicit long-term benefits with regards to salary. 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 certified professionals exceed those of non-credentialed practitioners. In 2015, holding one or more ISM certifications translated to a 10-percent premium above the average salary for supply management professionals without professional certification ($113,379 versus $102,652).

ISM’s CPSM® certification continues its positive impact on average salaries. Respondents with a CPSM® earned $111,661 on average in 2015, 9 percent more than those who lack any designation. Likewise, the CPSD™ made a strong showing in its sixth annual appearance in the survey. The average salary for respondents with a CPSD™ was $123,465. The C.P.M. recertification-only program remains 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 $117,665.

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<th>Average Salary by Certification Status</th>
<th>One or More Certifications</th>
<th>Not Certified</th>
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<th>Certified Professional in Supplier Diversity® (CPSD™)</th>
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Gender and Salary
ISM believes, and is committed to, moving the profession in a direction that exemplifies equality, especially regarding salary. ISM’s position statement on compensation and opportunity worldwide is, “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.” To help the profession achieve this ideal, ISM compares and contrasts supply management or sourcing level, men’s reported salaries were 24 percent larger than women’s. At the director level, the gap between men and women registered at 10 percent ($157,432 versus $141,085 for women). In 2015, regardless of experience level, men earned more than women, with the most extreme difference being 29 percent among those with 20 years or more experience. When segmented by educational attainment, men also had the advantage, most notably at the doctoral level with a difference of 43 percent ($121,905 for women as compared with $173,908 for men).

In 2015, women earned less than men in most segments of organizational position. However, the average base compensation for women chiefs (senior vice president level or executive vice president level) exceeded that of men by 10 percent.

The average salary among men in this year’s survey was $117,101, about 9 percent above what was reported in 2014 ($107,144). For women, the average salary decreased 3 percent, from $96,787 in 2014 to $94,220 in 2015. Last year, men earned an average of 24 percent more than their female counterparts, a substantial increase from the 2015 average of 11 percent.

In 2015, women earned less than men in most segments of organizational position. However, the average base compensation for women chiefs (senior vice president level or executive vice president level) exceeded that of men by 10 percent ($251,427 as compared to $228,358). At the vice president, procurement/management or sourcing level, men’s reported salaries were 24 percent larger than women’s. At the director level, the gap between men and women registered at 10 percent ($157,432 versus $141,085 for women). In 2015, regardless of experience level, men earned more than women, with the most extreme difference being 29 percent among those with 20 years or more experience. When segmented by educational attainment, men also had the advantage, most notably at the doctoral level with a difference of 43 percent ($121,905 for women as compared with $173,908 for men).

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Transitioning Into Supply Management
ISM asked respondents if they had come to the discipline of supply management from another career or vocation. More than five out of 10 respondents (51 percent) indicated that they moved into supply chain from another field. Among those emerging professionals who changed vocations, a majority of them (62 percent) left after only eight or fewer years in their previous profession. Only 16 percent of career-changing emerging professionals came to supply chain after logging 15 or more years of experience in their previous profession. Average incomes of those with experience in a previous profession ($108,537) was 1 percent less than the overall average. This was reflected in the average incomes of men ($116,976, lower by 0.1 percent as compared to the overall average for men) and women ($93,194, 1 percent less than the overall average for women) who joined the supply chain profession.

Changing to supply management from another profession does not negatively impact the overall earning power of experienced professionals at the highest level. Respondents at the chief or senior vice president/executive vice president level report average salaries more than 4.3 percent above chief or senior vice president/executive vice president who do not have experience in another field of business. On the other hand, vice presidents who came from another profession reported salaries that are 9.2 percent lower, on average. Director, manager and experienced practitioner respondents who came to supply chain after working in another field earned 0.4 percent more, 0.3 percent more, and 3.7 percent more, respectively, when compared to peers who have always worked in supply chain. Even the emerging practitioner segment (those with eight or fewer years of experience) saw a positive difference (3.6 percent) in average base pay as compared to peers without work experience in a different field.

Supply chain professionals who were previously scientists/
engineers or in the military reported the highest base salaries on average. Former scientists or engineers earned $137,288, and former military professionals earned $131,528. The lowest average salary for supply management converts was $73,721 for those professionals who were previously municipal workers.

**The Future’s Bright**

This year, ISM reports a strong increase in overall average salary, year over year (7.9 percent). This year’s survey continues to suggest that while organizations strive to balance direct and indirect support and administrative expenses, they are also focused on employee retention and recruitment. As the profession of supply management grows, it dynamically changes, shaped by external forces such as competition; the drive for enhanced efficiency; an increasingly interdependent global economy; political unrest; and geopolitical and natural risks. These pressures affect the value organizations place on supply management and will hopefully continue to raise the importance of supply managers in the future — translating into higher salaries and employment opportunities.

This article contains just a sample of what’s included in ISM’s comprehensive *Eleventh Annual Salary Survey*. A more detailed report is available on the ISM website at www.instituteforsupplymanagement.org. ISM

Ashley A. Peightal is research analyst for ISM.

*Note: In 2015, as in previous years, ISM asked participants about their gross salary, and then, separately, how much their salary changed between 2015 and 2014. Asking two questions (rather than computing one from the other) allows ISM to analyze both separately. However, this can sometimes yield apparently inconsistent results when the average of the gross salary variable changes at a rate different from the average change in salary as reported by respondents, as was the case this year and last year.

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**How the Survey Was Conducted**

For the eleventh straight year, ISM collected salary and job information from supply management professionals. The survey was administered in late February and early March.

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 then sent to these customers. As many as five reminders were sent to individuals this survey cycle. As an incentive to participate, individuals were offered the opportunity to enter a drawing for 20 $50 gift cards.

Respondents were asked to report compensation information for the 2015 calendar year. Compensation included (reported separately) wages, bonuses and stock options received before taxes and deductions.

In all, a total of 3,405 usable responses were received, representing a response rate of 4.2 percent. For the fifth time, respondents were asked if they were employed for the full year. One hundred and forty-four, or 4.2 percent, of the respondents indicated they were not employed for the full year (compared to 4.3 percent in 2014). The results posted exclude those not employed for the full calendar year of 2015.

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 US$299. The reports can be accessed in the ISM Career Center at www.instituteforsupplymanagement.org.

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