

White Paper

AN INDUSTRY IN THE SPOTLIGHT: 2023 SUPPLY MANAGEMENT SALARY SURVEY



Presented by



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About Institute for Supply Management® (ISM®)

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How the Survey Was Conducted

For the 18th straight year, Institute for Supply Management® (ISM®) collected salary and job information from supply management professionals. The survey was administered from January 5 through February 22, 2023.

Respondents were asked to report compensation information for the 2022 calendar year. Compensation included (reported separately) wages, bonuses and stock options received before taxes and deductions.

In all, 834 usable responses were received.

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An Industry in the Spotlight: 2023 Supply Management Salary Survey

Introduction

For its *Eighteenth Annual Salary Survey*, Institute for Supply Management® (ISM®) collected salary and job information from supply management professionals for the 2022 calendar year. Respondents reported compensation information, including wages, bonuses and long-term incentives. The figures were reported separately and indicated amounts before taxes and deductions. In all, 834 usable responses were received and analyzed.

For the 11th time, respondents were asked if they were employed for the full year. Thirty-seven respondents (4 percent) indicated they were unemployed for some of the previous calendar year. This is a relatively low figure, commensurate with the national unemployment rate, and lower than the 9 percent reported in last year's *Salary Survey*.

Given the impacts of the coronavirus pandemic reflected in the past two surveys, revisiting the headline numbers from those reports provides important context. Two years ago, ISM's *Salary Survey* of 2020 compensation data revealed that salaries and overall compensation increased compared to the previous year.

However, due to the onset of COVID-19, the increase in average salary was smaller: 0.6 percent compared to the previous year's 3.3-percent growth. The survey revealed modest overall compensation improvements for supply management professionals, with the average salary US\$124,021, and the median compensation rising 1.3 percent to \$107,450.

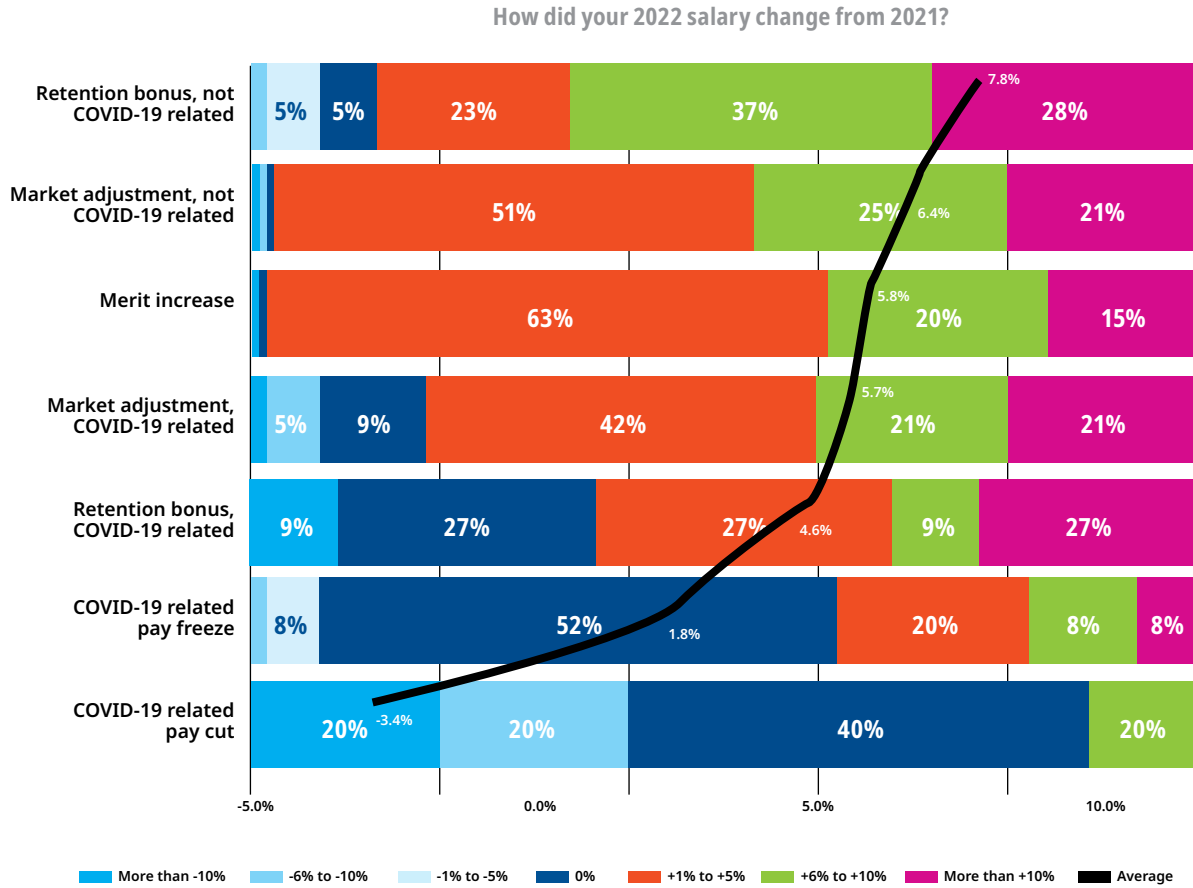
In contrast, the 2022 *Salary Survey* indicated a slight decrease in 2021 salaries and overall compensation compared to the previous year. This decrease was attributed to factors such as the lingering effects of the pandemic and the Great Resignation. Reported average salaries declined 0.3 percent, to \$123,621, and the median compensation fell 6.9 percent, to \$100,000.

In ISM's 2023 *Salary Survey*, the reported overall average salary remained steady, dipping imperceptibly to \$123,523, while the median salary rose 5.8 percent year over year, to \$105,795. Except for 2021, average salary has mostly increased over the past five years for both women and men, though the pay gap between men and women persists, now at 25 percent.

Figure 1. Average Salaries for Past Three Surveys

Reported Salaries	Survey Year 2021	Survey Year 2022	Survey Year 2023
Average	\$124,021	\$123,621	\$123,523
Median	\$107,450	\$100,000	\$105,795
Top 5 Percentile	\$398,871	\$551,689	\$348,566

Figure 2: Respondent Salary Changes by Type and Degree, 2021 to 2022



Examining contributors to salary level changes, professionals were polled on whether they experienced a merit increase and/or one or more of the following: a retention bonus, market adjustment, pay freeze, or pay cut, indicating whether the adjustment was COVID-19-related or not. In Figure 2, results are shown in percentages of respondents who received these adjustments by type, correlated to that group's overall annual salary increase or decrease.

The line graph in Figure 2 shows the percentage change in average salary for the types and degrees of adjustments made in each response group. In line with survey evidence suggesting a tight labor environment, non-pandemic-related retention bonuses and market adjustments, along with merit increases, were popular and contributed to the overall upswing in average salaries. COVID-19-related pay freezes and cuts were meaningful contributors to groups whose overall salaries were nominal or negative.

Bonuses

Most respondents received a bonus for 2022 work, with the percentage of professionals and bonus amounts varying by position. Vice presidents were most likely (91 percent of such respondents) to receive a bonus and earned the highest average bonus (\$71,279). They were followed by directors (70 percent), who earned an average bonus of \$33,613.

At 69 percent, managers had the third-highest rate of bonuses and the fourth-highest average amount (\$15,854). Experienced practitioners and emerging practitioners were next, at 63 and 62 percent, respectively, with bonuses averaging \$10,699 and \$6,984. Although chiefs were less likely (among supervisors) to receive a bonus (54 percent), they earned the third-highest amount, at \$27,541.

Regarding ancillary performance incentives, Paul Archiopoli, MS, C.P.M., CPIM, CMFGE, ISM Specialist, Subject Matter Expert (SME), says he

Figure 3: Figure 3. Salary by Age Group

Age	Respondent Percentage	Average Salary
25-34	13%	\$92,820
35-44	22%	\$108,299
45-54	30%	\$133,310
55-64	29%	\$139,424
65-74	5%	\$151,136

“favors expanding performance-based incentives given that supply chain efforts can have a demonstrable positive effect on the bottom line.” He adds, however, that to properly incentivize talent, very well-tailored plans “can be difficult to structure.”

Profile of Respondents and Earnings

Survey respondents represented a near-even split between services (52 percent) and manufacturing (48 percent) organizations. Distribution by size was reasonably spread, but a majority of respondents reported that their employer had revenue under \$1.2 billion annually.

Salary Survey respondents spanned several age groups, with a combined 59 percent within the 45-54 and 55-64 age brackets. These groups reported average salaries of \$133,310 and \$139,424, respectively, showcasing a stable earning potential in the middle- to later-career stages.

Respondents age 65-74 comprised 5 percent of survey respondents, with an average salary of \$151,136, demonstrating that some seasoned professionals continued to be actively engaged in the field with notable compensation levels. The youngest group, age 25-34, accounted for 13 percent of respondents, with an average salary of \$92,820, indicating promising earnings for early supply management and procurement careers.

Archiopoli, a former senior manager of procurement at Northrop Grumman, says, “Salaries are higher on the entry level than I’ve seen in a long time.” He attributes this to a tight labor market encouraging employers to offer attractive starting salaries to young prospective

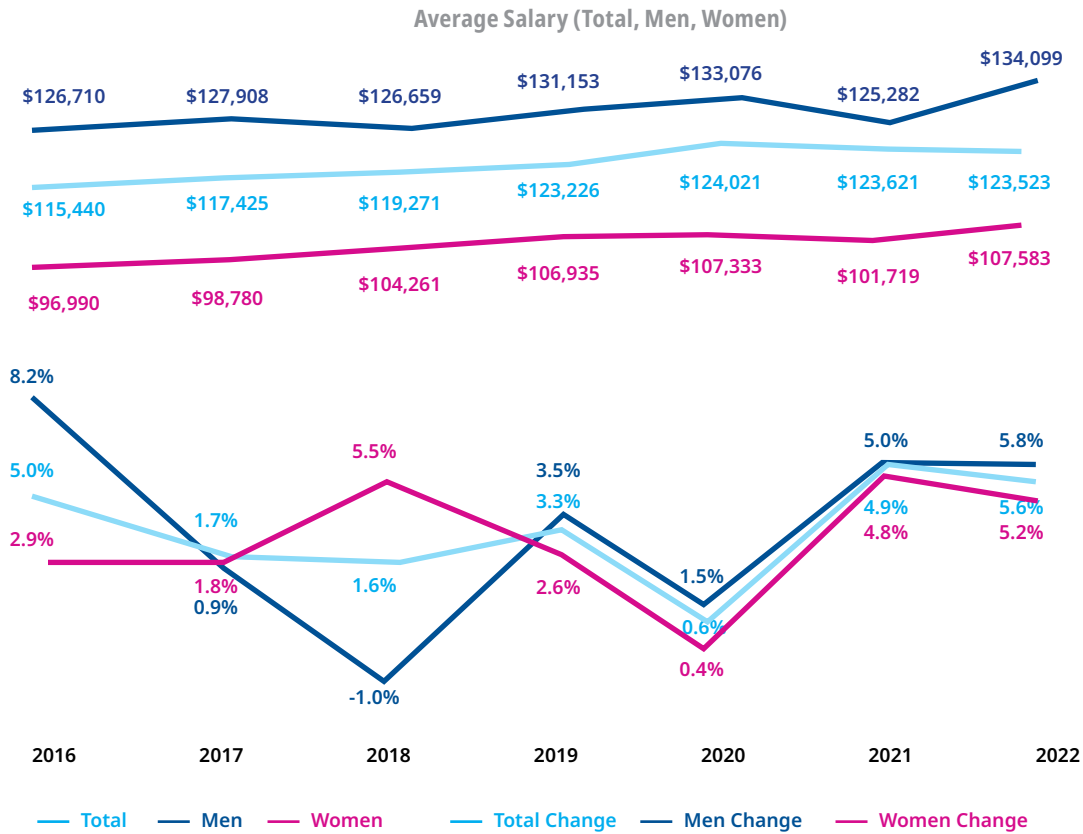
employees. While later salary increases occur, they may not be proportionately significant. “It’s easier to keep people than to acquire them, so lower salaries rise relative to the rest and the overall salary span contracts,” Archiopoli says.

In terms of ethnicity and race, the largest group was white (74 percent of respondents), with an average salary of \$132,667. Individuals of Asian descent accounted for 12 percent, reporting an average salary of \$95,416. Hispanic and Black respondents comprised 7 percent each, with average salaries of \$111,038 and \$107,968, respectively.

Other ethnicities accounted for 7 percent of respondents, reporting an average salary of \$101,785. The data highlights the diverse backgrounds and earning potentials of supply chain professionals across various ethnic and racial groups, showcasing a broad spectrum of experiences and opportunities within the profession.

Salary Survey respondents exhibited an overall Net Promoter Score (NPS) of 8 percent, indicating a positive sentiment toward their experiences. Among the groups, 27 percent of respondents were classified as detractors, reporting an average salary of \$109,127. Those classified as passives comprised 38 percent of respondents, with an average salary of \$125,045. Promoters constituted 35 percent of the respondents, expressing the highest satisfaction, and had an average salary of \$136,733. While cause and effect cannot be drawn from this data, it appears that there is a correlation between earnings and NPS scores.

Figure 4. Average Salary and Percentage Changes for Women, Men, Total



Education and Certification

When it comes to salaries in the profession, education plays a significant role. Supply management professionals with a high school diploma earn an average salary of \$88,384. Those with some college education reported an average salary of \$94,503. Professionals who have obtained an associate’s degree earn an average salary of \$95,983.

Earning potential takes a more significant leap for individuals with a bachelor’s degree who, on average, earn \$119,467. Professionals with a master’s degree earn an average salary of \$144,542, and those with a doctoral degree reported an average salary of \$158,932, reflecting the extensive expertise and research they bring to their specialties.

Historically low unemployment rates for the past decade, as well as a need for specific skill sets, have led to more organizations seeking certifications as an additional or even preferred prerequisite over a master’s degree. “I think we pay more attention to certifications like ISM’s Certified Professional in Supply Management® (CPSM®) and Certified Professional in Supplier Diversity® (CPSD™),” says Luis J. Concepcion, global category

manager at DuPont, covering construction, maintenance and facility services. “We know those certifications mean an individual is prepared and well qualified. We see a lot of interest in candidates who have a certification from an organization that is recognized.”

Course concentration or degree major impacts salaries as well. Supply management professionals with a background in business earn the highest average salary among the listed categories, at \$140,490. Those who pursued a course of study in engineering or technology command an average salary of \$131,962, showcasing the value placed on technical expertise or aptitude. Finance and accounting professionals also fare well, earning an average salary of \$125,134.

Individuals with a liberal arts background have an average salary of \$118,863, and professionals categorized under “other” disciplines earn an average salary of \$121,088. Archiopolis says, “Rising salaries for supply chain professionals, including entry level people and particularly those with SCM degrees, reward them for good performance and prevent trained professionals from leaving for higher paying jobs.”

Macro Trends and Additional Salary Influencers

When reflecting on macro trends, Concepcion sees two important developments impacting salaries. “The first one is globalization, and how new roles expand in terms of responsibility to a global footprint for large, growing companies,” he says. “So, I’m seeing a trend toward newer roles being created, where multiple responsibilities are piled on top of each other,” with skill demands expanding geographically and organizationally, beyond the responsibilities for the category.

“To give you another example (of skills expansion),” Concepcion continues, “we see spend analysis or sustainability responsibilities being added to job descriptions and expanding globally. So, now we have lower category managers managing more, and the increased salaries reflecting those changes.”

“The second trend,” Concepcion says, “is technology. When we hire now, we’re targeting candidates that

have experience or a background in school on artificial intelligence (AI), data and analytics, and anything related to newer technologies coming out that impact salary.”

Several factors that influence supply management salaries, Archiopoli says: “Having a degree in supply chain, either at the undergraduate or graduate level, can command a premium. Having specific system expertise, such as in SAP, Oracle, or advanced planning systems, can also increase earning potential.”

Archiopoli continues, “Expertise in sales and operations planning (S&OP) and high-level material planning experience are also valuable. Specialized subcontract and strategic sourcing expertise for government contracting can also be an asset. Some of us search for specific ‘trainable’ majors — in my case, finance majors — because they understand the consequences of their actions.”

Figure 5. Benefits Offered by Respondents’ Employers

(Ranked by importance, “most important” = 1.0*)

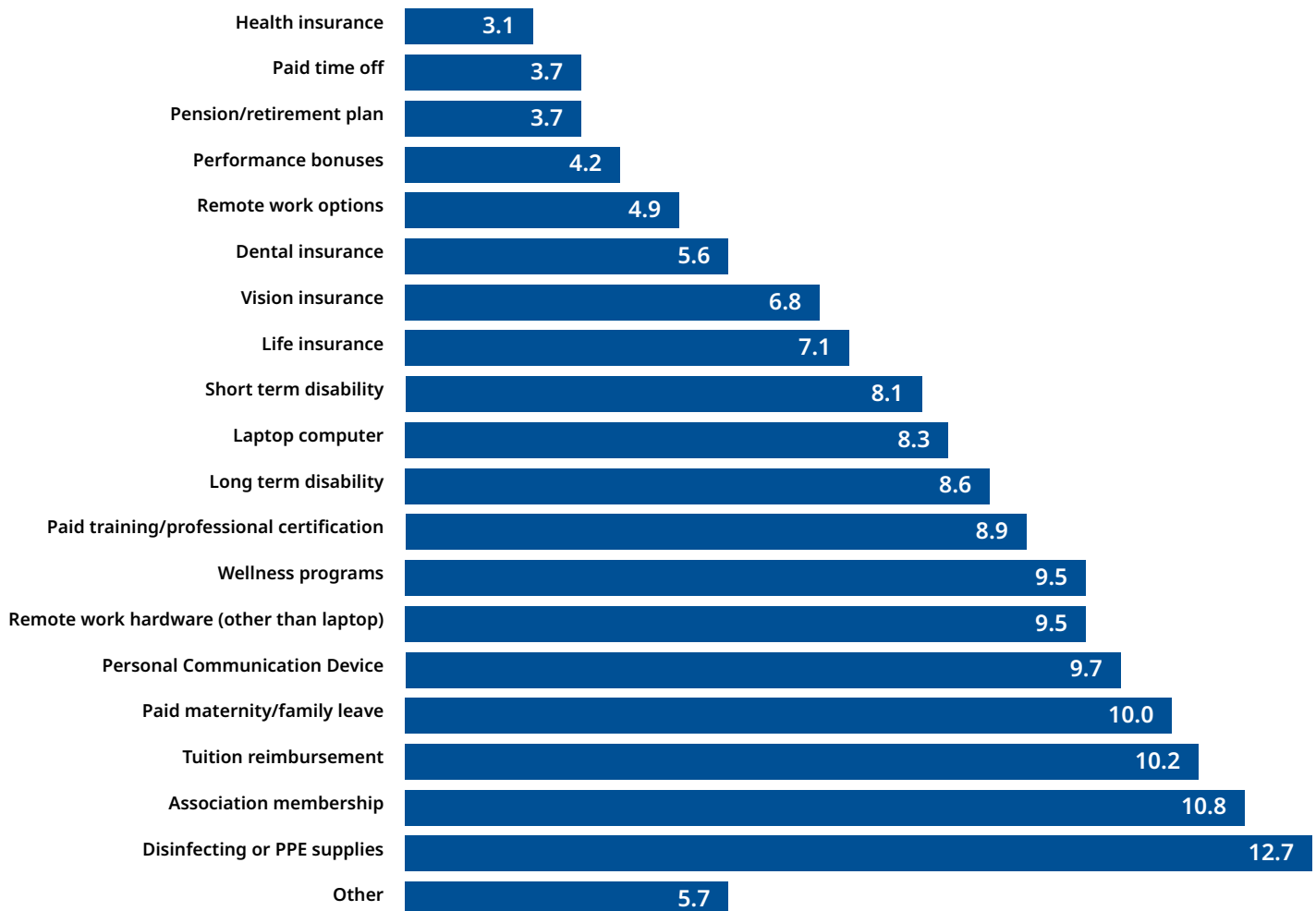
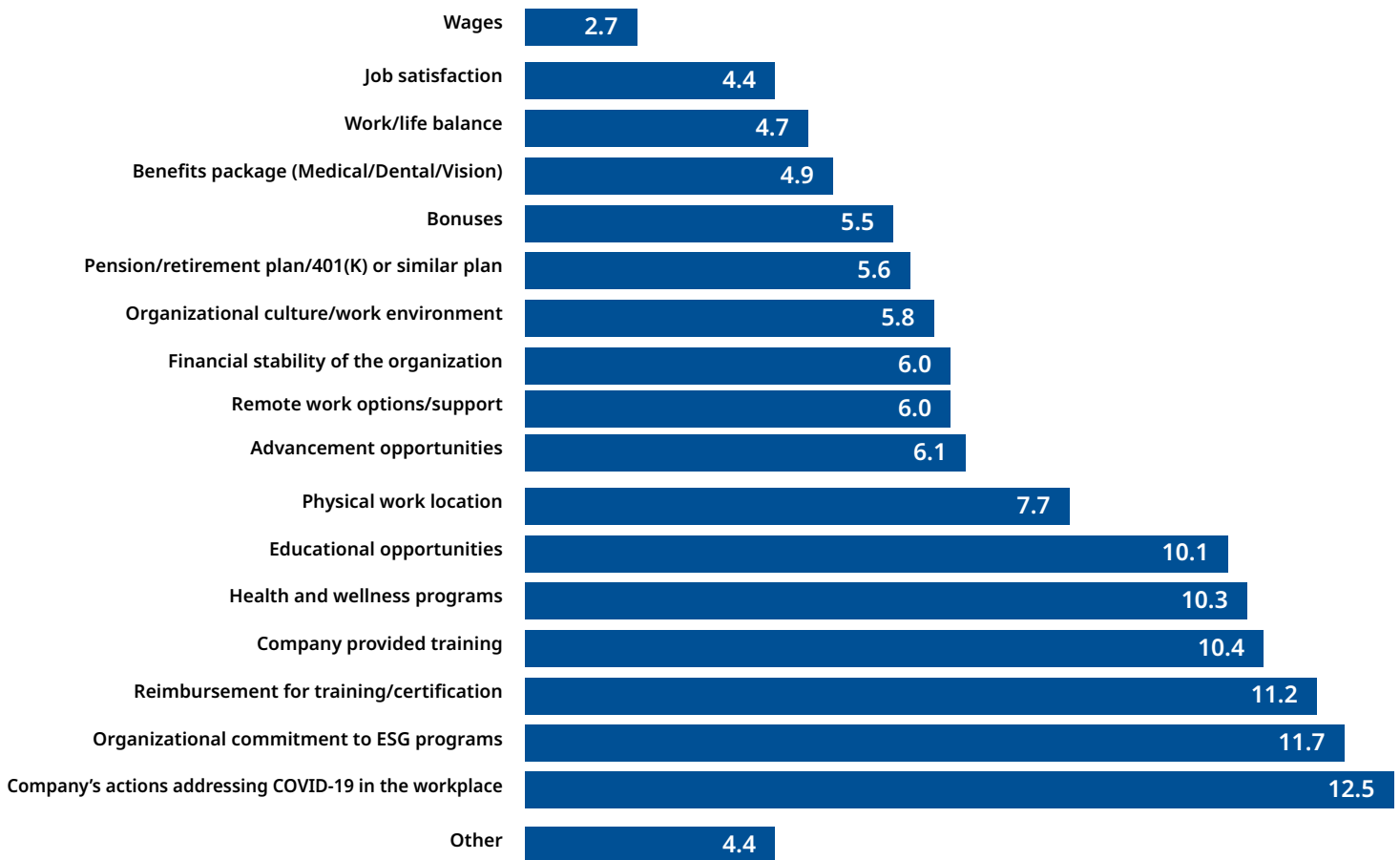


Figure 6. Desirable Job or Employment Characteristics

(Ranked by importance, "most important" = 1.0)



Key Skills: Data and Analytics and AI

Earnings potential for the highly data literate, especially within the younger generation, is significant, according to Jim Fleming, CPSM, CPSP, Manager, Product Development and Innovation at ISM. "When we see some of these new college grads coming in, and they're using technology," he says, "they're using data to analyze the heck out of a supply chain." Rather than seeing very complex and previously difficult-to-solve big data problems, Fleming says, "they don't see barriers, they see opportunities. What I'm seeing now is people that have that can-do mindset are the people that are growing very quickly inside of a company."

Concepcion says his company is interested in those who are, he says, "interested in further developing their supply chain skills and, for

example, go out and use ChatGPT for anything related to their line of work. This self-training is modeling behavior from the kinds of people we want to hire moving forward." This translates directly into recruiting and interviewing. "Among the questions that we ask interviewees is, 'Are you familiar with these technologies? Are you familiar with the tools?' and we try to discover if that candidate's curiosity and commitment to learning aligns with what we're looking for," he says.

Employee Benefits

Health insurance, paid time off, and retirement planning are the most important benefits offered by employers, as shown in Figure 5. Such benefits are essential for employees' financial security and well-being. They also provide peace of mind, knowing that they are covered in case of illness, injury or job loss.

Some of the less valued benefits include a laptop computer, short- and long-term disability insurance, paid training/professional certification, wellness programs, remote work hardware (other than a laptop), a personal communication device, paid maternity/family leave, tuition reimbursement, association membership, and personal protective equipment (PPE) or disinfecting supplies.

Regarding job or employer characteristics, wages, job satisfaction, work/life balance, and benefits packages are most important to respondents, as shown in Figure 6.

To stay competitive in all elements of compensation, human resources teams across the corporate world are constantly benchmarking compensation trends and levels. “One specific example is flexible work, which has transformed the way that people get compensated,” Concepcion says. “Some people might agree to less compensation if they can work remotely.” He acknowledges that outcomes vary “depending on the type of role and the need to have the person face to face within the company and given what’s happening in different markets.”

Return to Office/ Remote Work Implications

Companies, offices and teams across the U.S. are working through the implications of a post-pandemic world, after working from home became the norm for non-front-line work. “At the beginning, it was fully remote for I think, a year and a half, and I think we lost some of the essential aspects of teamwork collaboration,” Concepcion says of his

DuPont teams. “We are trying to come back in terms of encouraging teams to talk among themselves when they’re at the office, to be there at the same time. But sometimes — and this is ironic — the globalization aspect gets in the way, because people are mostly in front of their screens every day talking to Europe, Asia and Latin America, and the available time to interact with their teams in the office might be restricted by that expanded role. So, you know, opportunities bring challenges as well, and globalization is no different in that regard.”

Supply Chain Organizations

In terms of organizational size, 44 percent of respondents’ companies have 5,000 or more FTEs, but only 15 percent have 500 or more procurement practitioners (see Figure 7). Spend categories managed by respondents or their teams were varied, with the most frequent capital equipment (42 percent), manufacturing components (39 percent), office equipment (39 percent), electronics (37 percent), and indirect goods (35 percent).

The CPSM® and ISM’s Certified Purchasing Manager (C.P.M.) are the most common certifications among supply chain professionals, attained by 43 percent and 28 percent, respectively, of respondents.

Given the importance of ongoing training to maintain or advance skill sets, professional certification programs and department-led on-the-job training are considered the most effective means of transferring skills, receiving average scores of 3.11 and 3.10 on a 4-point scale, respectively. Out of 13 choices, including “other,” the

Figure 7. Size of Procurement Department by Size of Organization

	Less than 100	100 - 499	500 - 1,999	2,000 - 4,999	5,000 - 9,999	10,000 or more	Total
Less than 10	93%	62%	44%	11%	13%	3%	31%
10 - 29	5%	28%	30%	40%	23%	7%	20%
30 - 79	2%	7%	17%	21%	25%	11%	13%
80 - 149	—	—	5%	15%	21%	14%	10%
150 - 499	—	4%	4%	10%	12%	23%	12%
500 or more	—	—	—	4%	6%	42%	15%
Total	10%	18%	15%	14%	11%	33%	

next highest-scoring training methods were formal mentoring programs (2.95), company-developed online training (2.93), and company-developed classroom training (2.93).

Concepcion points out the organizational design impact due to the elevation of certain key sub-functions. “Environmental, social and governance (ESG) standards and sustainability used to be separate business functions within the company,” he says. “Now, we have a function embedded into procurement to manage sustainable procurement. And it’s not only environmental-focused, but governance and social — all of that is related to sustainability, including risk. So, we’re managing risk embedded within sustainability in that same function inside procurement.”

Summary

Despite a challenging economic backdrop and increasing technical and global complexities, supply management professionals continue to exhibit strong earnings growth and potential, with healthy benefits and incentives. “Assuming relative stability in the overall economy,” Archiopoli says, “supply chain jobs will remain in demand.” This includes important entry-level positions. “Companies will do a lot more building of campus relationships and offer more internships,” he says.

Other Highlights

- Purchasing, strategic sourcing, SRM, contracts and costs are the most frequent processes managed by respondents or their teams.
- More than three-quarters of respondents report that their organizations are operating with no COVID-19-related restrictions.
- More than eight out of 10 respondents report their employer has in place organizational and/or departmental job competencies.