

ISM®'s 2021 SALARY SURVEY

Talent is in the driver's seat: Amid the Great Resignation and the coronavirus pandemic fallout, great talent is hard to find, engage and retain.

Institute for Supply Management®'s (ISM®) *Sixteenth Annual Salary Survey* revealed a promising outlook for supply management practitioners, despite a 2020 marred by layoffs, furloughs and limited bonus pay. The average overall compensation in the supply management profession was up for a seventh consecutive year.

As the war for talent continues, we share "ISM®'s 2021 *Salary Survey*: Sticker Shock," from the July/August 2021 issue of *Inside Supply Management*®. This article provides valuable insights on how supply management organizations can best approach the challenge of obtaining and retaining the best talent.

Who is ISM: Our mission is simple: Advance the practice of supply management, drive value and competitive advantage, and contribute to a prosperous, sustainable world.

We strive to give our members — individuals and organizations alike — the tools to drive success, including continuous education, talent assessments, industry research, member webinars and timely news. The Salary Survey and *Inside Supply Management*® magazine are just two examples of useful and compelling ISM content that can keep talented professionals and teams growing, engaged and passionate about their careers and their industries.

Below is the article, which includes key findings about the competitive job market causing "inflationary pressure" on salaries, as well as the widening gender pay gap, the advantages of ISM certification, and more.

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ISM[®]'s 2021 SALARY SURVEY

As the pandemic put unprecedented emphasis on the importance of supply management, the profession's wage-growth trend should continue — especially amid a critical talent shortage.

Since the start of the coronavirus (COVID-19) pandemic, no facet of business has had its value — not only to economies, but societies — elevated more than supply chains, and talent, across almost all functions, has remained at a premium.

"The supply management team was the unsung hero of the pandemic," Institute for Supply Management[®] (ISM[®]) CEO Thomas W. Derry says. "We certainly understand everything that first responders and health-care workers did, but supply management practitioners — who beforehand were overlooked — sourced personal protective equipment (PPE), kept facilities open and factories running, and made sure that supplies arrived, despite lead times doubling and massive producer-price inflation. Supply management kept businesses running and allowed them to serve customers.

"And what we're seeing right now is the recognition of how critical that talent is to a company. ... There's a definitely a war for supply management talent."

Many of the dynamics of that competition for employees is evident in ISM's *Sixteenth Annual Salary Survey*, in which — amid a pandemic-ridden 2020 marked by layoffs, furloughs and pay freezes in many industries — the average overall compensation in the supply management profession was up for a seventh consecutive year, to US\$124,021. The 0.6-percent increase is a lower rate than in either of the previous three years (3.3 percent in 2019, 1.6 percent in '18 and 1.7 percent in '17).

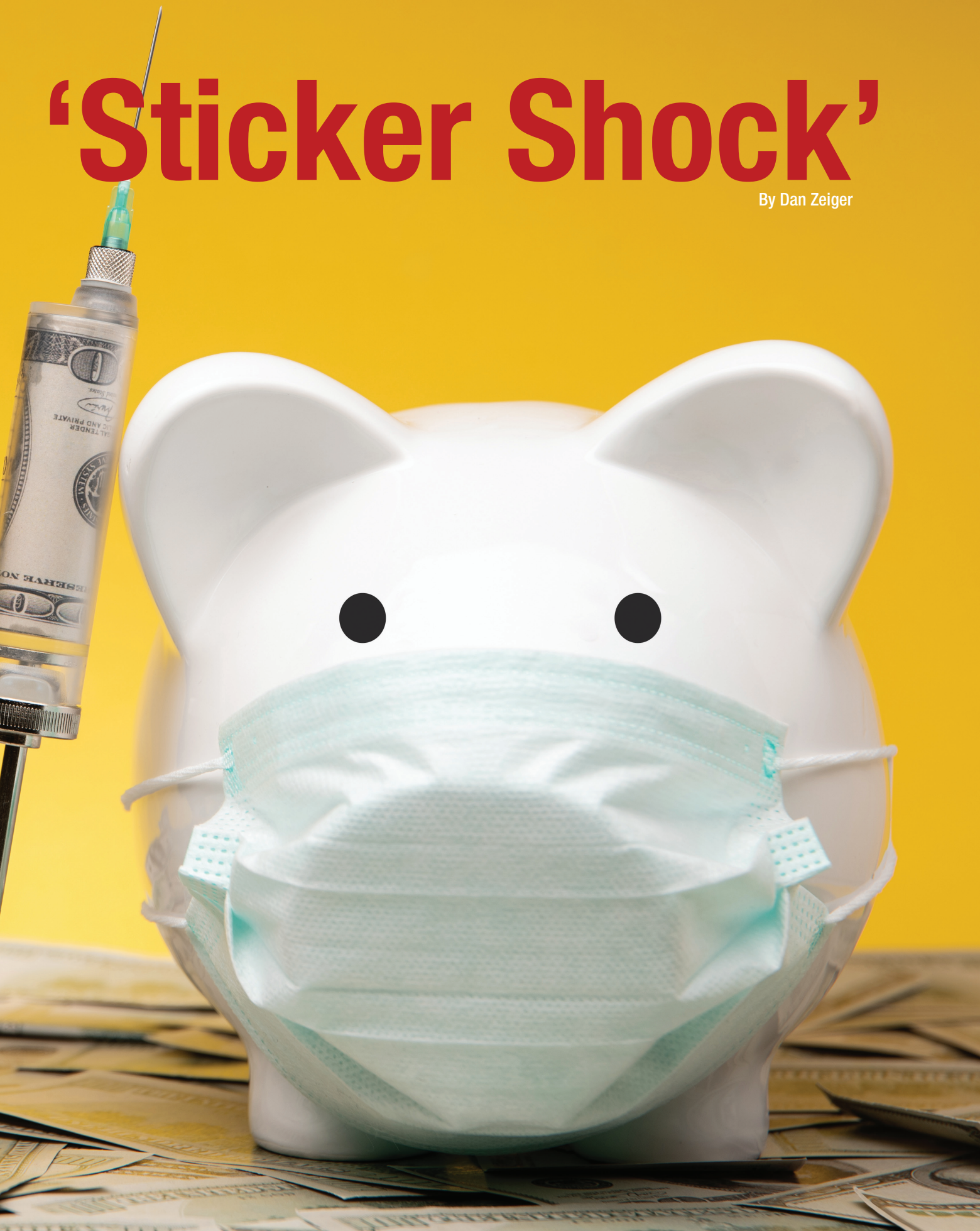
Supply management workforces were not unscathed by the coronavirus, as 11 percent of respondents indicated they were unemployed at some point in the previous calendar year, up from 3 percent in the 2020 *Salary Survey*. Among that group, 25 percent said they were laid off due to the pandemic, 24 percent were furloughed, and 7 percent indicated their company or department closed because of COVID-19.

Naseem Malik, CPSM, managing partner at MRA Global Sourcing, a Chicago-based



'Sticker Shock'

By Dan Zeiger



executive search firm specializing in supply management, experienced some tenuous times in the construction industry following the 2008 economic crash, so he knows that the function is not recession-proof. However, supply management largely weathered the pandemic storm, he says: “For many people affected, it was more of a furlough and not a permanent layoff. Many were brought back.”

Malik continues: “(Companies) realized the value the function gives. Even during the middle of the pandemic, some of the clients we work with were still hiring — the food and beverage and pharmaceuticals industries stayed strong, and chemical companies obviously went through the roof. It depends on the industry, but those in particular

knew the value of the supply chain. And they are continuing to hire.”

The Job Market ‘Has Never Been Hotter’

Last year, Malik called the supply management job market a “candidate-driven” one, and the pandemic tipped scales further in prospective employees’ favor. Malik has examples of companies making generous counteroffers to entice employees to eschew other jobs, or candidates, with no regrets, opting not to pursue positions that required relocating. That anecdotal evidence aligns with recent data: The Manufacturing and Services ISM® *Report On Business*® Employment indexes have been impacted by eager-to-hire employers unable to fill positions.

Also, many people have used their extra free time over the last year to evaluate their professional lives, how fulfilling their work is, and if they would be happier doing something else. Up to 41 percent of workers globally, according to various surveys, have pondered quitting their jobs — sentiment economists are dubbing the “Great Resignation.” Advantage, employees.

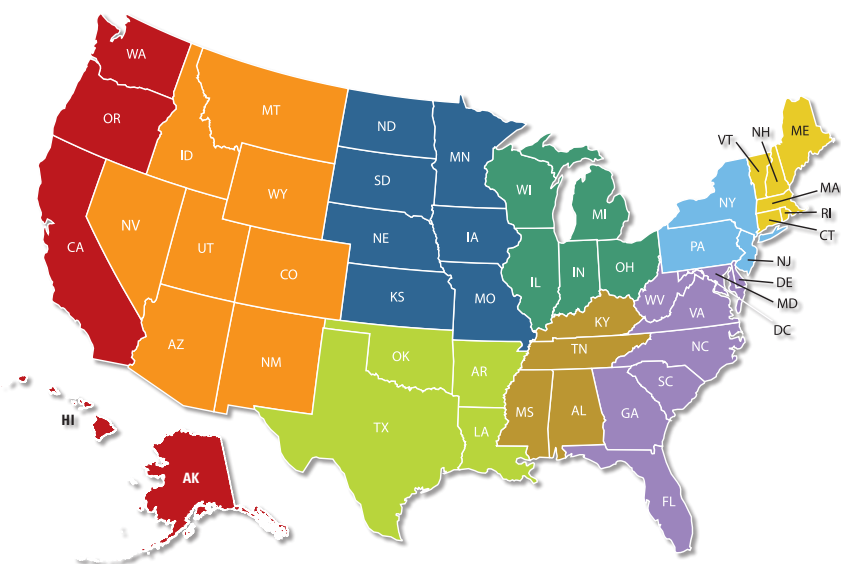
“Companies are realizing it’s a lot harder to find talent now,” Malik says. “And if they do lose them, they’re probably going to have to pay that much more to bring in new talent from the outside. They might as well do what they can to hang on to (the talent) they’ve got.”

As for procurement professionals, the *Salary Survey* asked respondents to rank factors they consider in potential jobs, and for the fourth year in a row, the top five were unchanged: (1) wages, (2) job satisfaction, (3) work/life balance, (4), health-care benefits package and (5) pension, 401(k) or other retirement plan. Three of the top five are compensation-related, but workplace culture, organizational financial stability and a new entry — remote work options/support — were in the top 10.

Mark Holyoake, founder and managing director at Holyoake Search, a New York-based procurement-focused recruitment organization, says “people are still figuring out what they want” regarding post-pandemic plans for remote work. However, he says that such issues as work location and hours flexibility that were typically not negotiable in the past are more likely now to be on the table in a job offer.

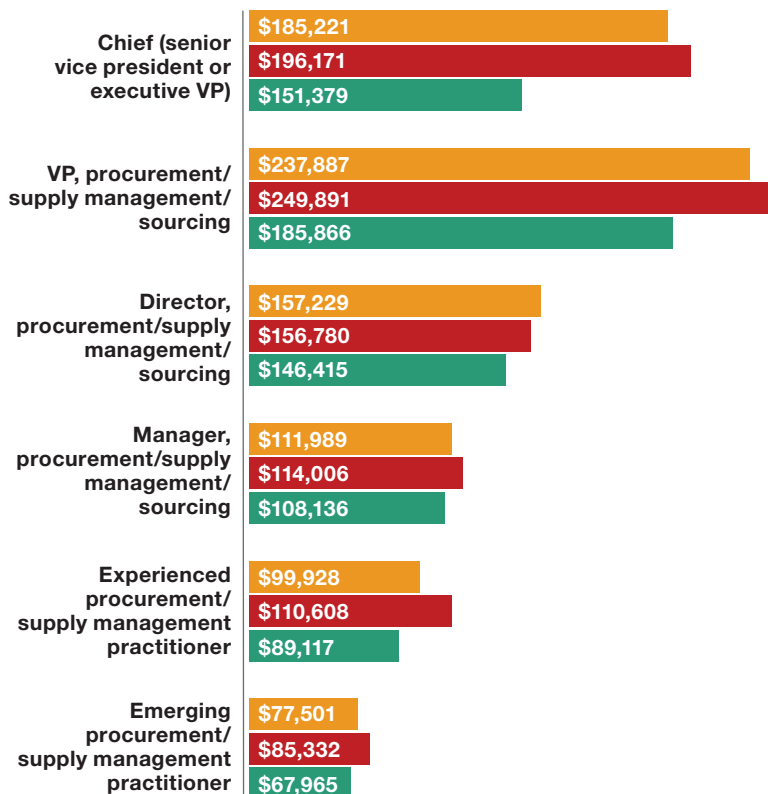
“Many of these issues can be attributed as much to generational differences as to the pandemic,” Holyoake says. “The market for highly qualified, high-performing and high-potential supply management professionals has never been hotter. The pressures that this pandemic has placed upon many companies has put the supply management function firmly in the spotlight, and the demand for talent is far outstripping supply. Potential job seekers are acutely aware of this and can leverage it, not only to find a job that provides the benefits they want, but also a healthy increase in wages.”

Average Salary by Geographic Region

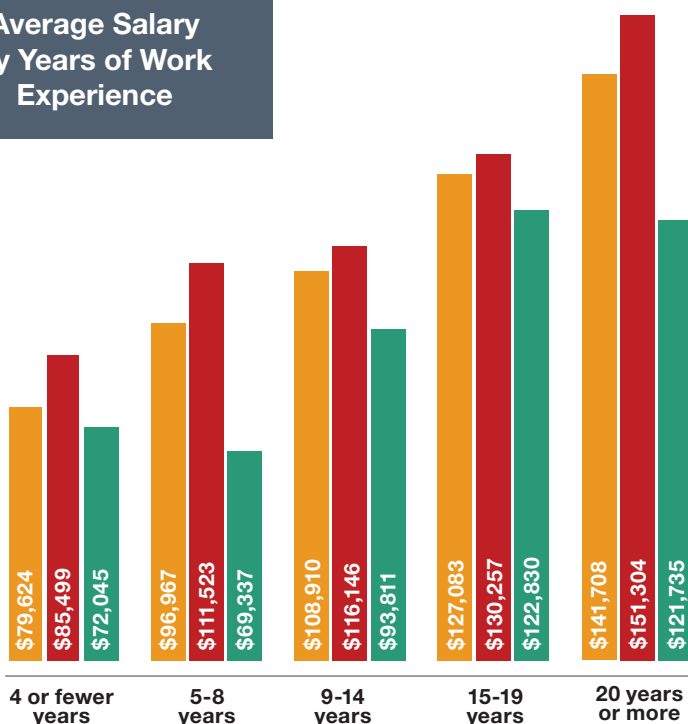


East North Central (IL, IN, MI, OH, WI)	\$126,662
East South Central (AL, KY, MS, TN)	\$112,652
Middle Atlantic (NJ, NY, PA)	\$129,273
Mountain (AZ, CO, ID, MT, NM, NV, UT, WY)	\$114,484
New England (CT, MA, ME, NH, RI, VT)	\$125,073
Pacific (AK, CA, HI, OR, WA)	\$154,574
South Atlantic (DC, DE, FL, GA, MD, NC, SC, VA, WV)	\$131,373
West North Central (IA, KS, MN, MO, ND, NE, SD)	\$111,073
West South Central (AR, LA, OK, TX)	\$134,619

Average Salary by Position



Average Salary by Years of Work Experience



Key to Charts



NOTE: Caution should be taken when examining the various breakdowns, as response rates vary and may make the information less reliable.

Alex Alonso, Ph.D., chief knowledge officer at the Alexandria, Virginia-based Society for Human Resource Management, puts the talent shortage in terms of supply delivery disruptions.

"We've heard the horror stories that it's taking four to five months for some commodities to reach their final destination," he says. "That's half of the time it can take to find the talent to fill a specific role. So, if you think the shortage is bad in terms of supplies and consumer goods, it's much worse for good people."

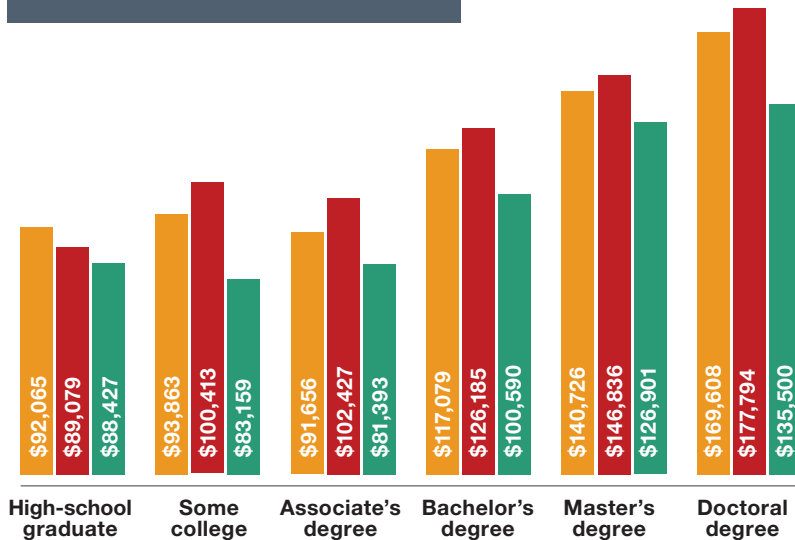
A Continuing Gender-Pay Discrepancy

While COVID-19 has dominated supply management employment dynamics in the last year, a nagging, long-term demographic trend continued to stand out in the *Salary Survey* data. In 2020, the gap in average compensation between male (\$133,076) and female (\$107,333) supply management professionals was 24 percent, more than the 22.3-percent difference a year ago. "Not only is the gap still there," Derry says, "it's not closing."

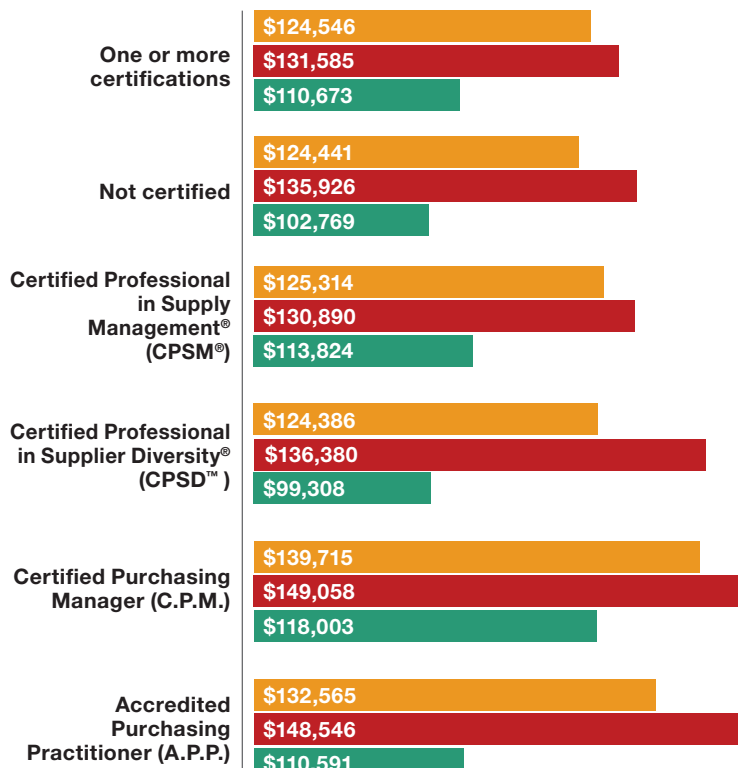
The pandemic could exacerbate gender-pay gaps in many professions, as 3 million American women have left the workforce in the last year. However, there were encouraging results in the 2021 Women in Supply Chain Survey conducted by Gartner, the Stamford, Connecticut-based global business research and advisory firm, and Achieving Women's Excellence in Supply Chain Operations, Management & Education (AWESOME), a Chicago-based nonprofit organization.

That survey found that women's supply chain presence increased across nearly all position levels, at 41 percent of the full-time workforce (up from 39 percent last year). The percentages of female senior managers (29 percent), directors (26 percent), and vice presidents and senior directors (23 percent) were up; the only level with a decrease was chief supply chain officers

Average Salary by Highest Level of Education Completed



Average Salary by Certification Status



NOTE: C.P.M. and A.P.P. designations are no longer granted.

and other executives (15 percent, down 2 percent).

Malik says that if hybrid workplace models become more prevalent, an out-of-sight, out-of-mind dynamic could impact the assignments or pay of women, who are more likely to stay home to tend to child- or elder-care responsibilities. However, indications of females climbing company ladders are encouraging, he says: "As more women get into leadership positions, I think that will help on the compensation and career-growth tracks for all women."

Extra Points and Looking Ahead

Of course, several dynamics factor into a compensation package, including job title, company size and revenue, level of experience, industry, education and location. Another element is bonus pay, which appears to have been impacted by the pandemic: According to *Salary Survey* data, the average gross bonus reported in 2020 was \$22,021, a 12.5-percent decrease from the previous year. Only 14 percent of respondents indicated they did or will receive a long-term incentive — like stock options or a cash award — for work performed in 2020.

Also, 12 percent of respondents reported that their pay was frozen due to COVID-19, and another 6 percent said they took a pandemic-caused pay cut. It all adds up, Derry says, to an "artificial year" that could translate to accelerated compensation in the future.

"My hunch is that this year's increases were in a sense understated because many of us went without a pay raise or a bonus," Derry says. "So, I expect pay to pick up as everyone appreciates how critical supply chains are — even the (Biden) administration" with the federal risk assessments and reviews of supply chains. "And that is going to translate into compensation that reflects the strategic importance of the profession," he says.

Holyoake agrees that the future for supply management talent is promising. But he adds that salary increases simply to maintain head counts — often by recruiting employees from other companies to make lateral moves, meaning a pay raise is the only carrot — are not sustainable long-term. "It's tough to convince high performers to

jump ship in a market as competitive as the current one,” he says.

Supply management organizations, Holyoake says, must focus more on their pipeline and development of young and emerging talent. He is hopeful, though, that the trajectory of pay increases indicated by the *Salary Survey* means that new supply management compensation benchmarks are being set.

“There is a lot of inflationary pressure on salaries right now, and not just because good talent is in short supply, but because the supply management profession is finally enjoying the recognition it so richly deserves,” Holyoake says. “Many practitioners have been underpaid for years, so when companies that haven’t hired in a while learn what they need to pay to bring new talent in, there is significant sticker shock.”

He concludes: “This process with procurement salaries, I think, is healthy and positive. And it’s a long time coming.” **ISM**

Dan Zeiger is Senior Copy Editor/Writer for *Inside Supply Management*®.

For Much More, See the Full Report

This article features highlights from ISM’s comprehensive *Sixteenth Annual Salary Survey*. For the full report, visit ismworld.org, and enter “ISM’s 2021 Salary Survey” in the search bar. ISM members can download the full report at no charge.

Average Salary by Industry

Accommodation & Food Services (hotels, food and drinking places)	\$109,513
Agriculture, Forestry, Fishing & Hunting	\$72,060
Arts, Entertainment & Recreation (performing arts, museums, amusement industries)	\$162,643
Construction	\$127,746
Educational Services	\$101,874
Finance & Insurance	\$146,981
Health Care & Social Assistance	\$125,345
Information (publishing, entertainment)	\$113,321
Management of Companies & Support Services	\$107,912
Manufacturing	\$126,534
Mining	\$133,957
Other Services	\$131,626
Professional, Scientific & Technical Services	\$136,692
Public Administration	\$96,416
Real Estate, Rental & Leasing	\$101,729
Retail Trade	\$136,583
Transportation & Warehousing	\$136,303
Utilities	\$124,286
Wholesale Trade	\$109,753

NOTE: The above table highlights 19 of the North American Industry Classification System (NAICS) broad sectors; for more information regarding the 36 industries reported, see the full *Salary Survey*.

How the Survey Was Conducted

Institute for Supply Management® (ISM®) collected salary and job information from supply management professionals.

A random sample of customers (including ISM members and nonmembers) was pulled from ISM’s database. Once again, a substantial proportion of non-ISM affiliated practitioners were included in the data set. An email invitation and three reminders were sent during the survey cycle. To encourage participation, individuals were offered an opportunity to win a US\$50 gift card (20 available).

Respondents were asked to report compensation information for the 2020 calendar year. Compensation included (reported separately) wages, bonuses and stock options received before taxes and deductions. In all, 2,074 usable responses were received.