



# SourceToday™



## 5 SPECIAL REPORTS ON:

- Outsourcing's Impact
- Automation's Impact
- Demographic Trends
- Compensation Trends
- Workforce Dynamics Trends

# SourceToday 2018 SALARY & CAREER TRENDS

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## Overview

SourceToday recently completed its 2018 survey studying salary and career trends. This survey gathered input from a wide range of professionals in purchasing and procurement positions. The rich data sets created in this survey enable in-depth analysis of multiple aspects of professional salaries and careers in this area.

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DALE FORD, Contributor

REPORT 1:

# Outsourcing's Impact On Purchasing Professionals

This report covers the impact of outsourcing activity and is the first in a series of five reports covering key dimensions related to salary and career trends. Other reports in this series will cover the following topics:

- The impact of automation
- Purchasing professional demographics
- Compensation trends
- Purchasing workforce dynamics

**D**ata in this report is presented and analyzed from multiple perspectives, including changes over the past three years and perspectives by type of employer, years of experience, and employers' current outsourcing activities.

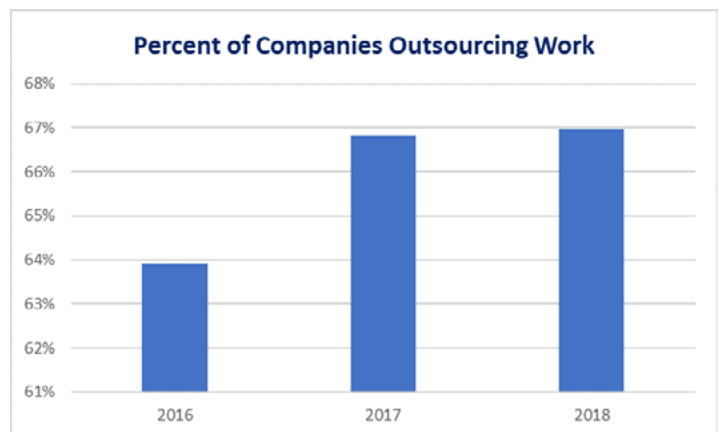
## Who is Outsourcing and Where are They Outsourcing?

The percentage of companies outsourcing work increased measurably from 63.9% in 2016 to 67.0% in 2018. However, there is a big disparity in outsourcing activity by type of company. The percentage of companies outsourcing in 2018 shows a big difference between OEMs, contract manufacturers, and distributors. The survey found that 84.0% of OEMs currently outsource work while only 43.6% of distributors employ outsourcing.

The locations where U.S. companies are outsourcing is becoming more diverse over time and is developing a more global presence. While the U.S. still dominates outsourcing locations, other geographies have seen a significant increase in the percentage of companies engaging in outsourcing work.

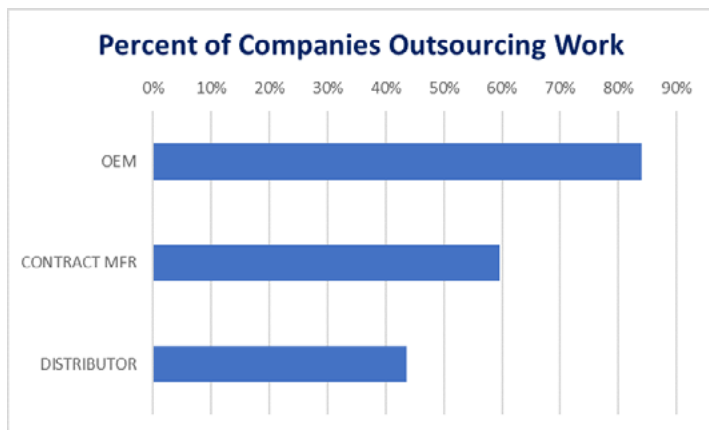
The US has declined from 77.0% to 72.2% as a destination for outsourcing between 2016 and 2018. Meanwhile, significant increases between 2016 and 2018 are seen in Mexico, Europe, the Pacific Rim region, Canada, and South America. Distributors and contract manufacturers are more prone to outsource to other U.S. locations, while OEMs engage more actively in China and Pacific Rim countries.

Figure 1



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 2



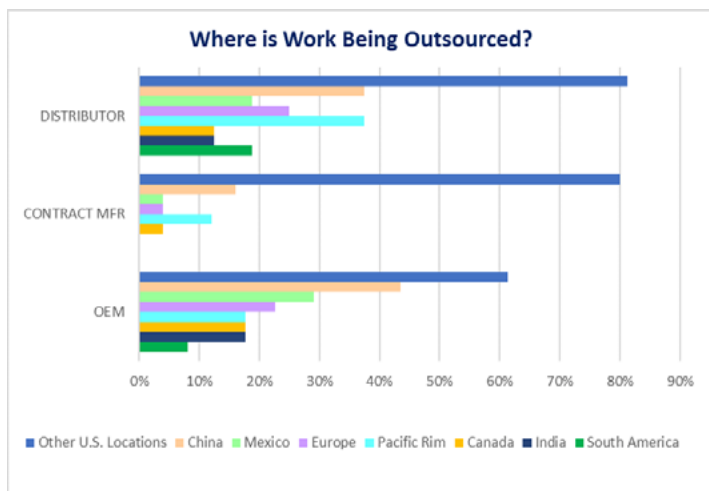
Source: SourceToday 2018 Salary and Career Trends Survey

Table 1: Location of Outsourcing

| Where is work being outsourced? | 2016  | 2017  | 2018  |
|---------------------------------|-------|-------|-------|
| Other U.S. Locations            | 77.0% | 70.9% | 72.2% |
| China                           | 31.6% | 27.2% | 34.7% |
| Mexico                          | 15.6% | 17.9% | 19.4% |
| Europe                          | 12.0% | 17.9% | 18.8% |
| Pacific Rim                     | 8.4%  | 8.6%  | 18.8% |
| Canada                          | 8.7%  | 11.9% | 13.2% |
| India                           | 13.8% | 10.3% | 13.2% |
| South America                   | 3.6%  | 4.6%  | 7.6%  |

Source: SourceToday 2018 Salary and Career Trends Survey

Figure 3



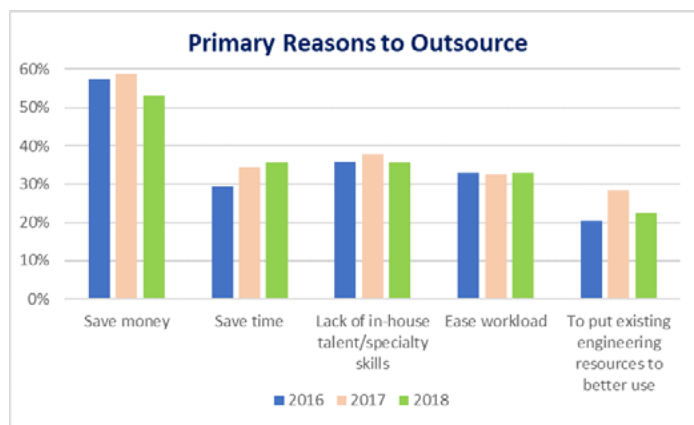
Source: SourceToday 2018 Salary and Career Trends Survey

## Why are Companies Outsourcing and What Functions are Outsourced?

Overall, “Saving Money” continues to be the biggest reason why companies engage in outsourcing work. However, its selection as a top priority declined from 57.4% of companies in 2016 to 53.1% in 2018. “Saving Time” grew in its importance for companies over the same time increasing from 29.3% in 2016 to 35.7% in 2018. Once again, there is a big difference in motivation for outsourcing between OEMs, contract manufacturers, and distributors. “Saving Money” is the dominant reason for OEMs to pursue outsourcing. Meanwhile the top two reasons for outsourcing by contract manufacturers are “Lack of In-House Talent/Specialty Skills” and “Ease Workload.” For distributors, the lead motivator is “Lack of In-House Talent/Specialty Skills.”

Manufacturing services is the dominant function being outsourced by all types of companies. Design services was a distant second function outsourced by OEMs. On the other hand, distributors take advantage of the opportunity to outsource quality control/reliability/test services and supply chain services as the next most important area for outsourcing. It is interesting that manufacturing services have seen a slight decrease in usage over the past three years, while companies appear to be increasing their activity in outsourcing a wide range of other needs.

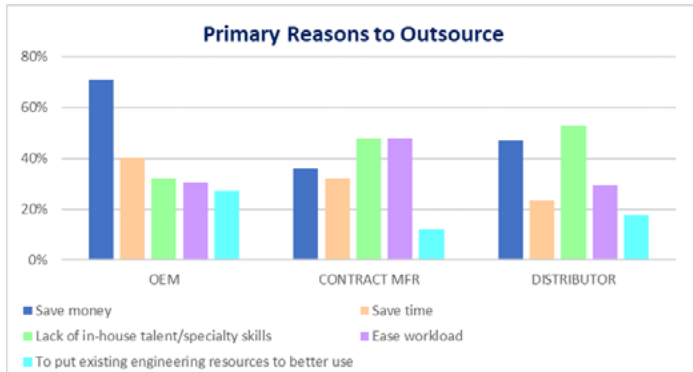
Figure 4



Source: SourceToday 2018 Salary and Career Trends Survey

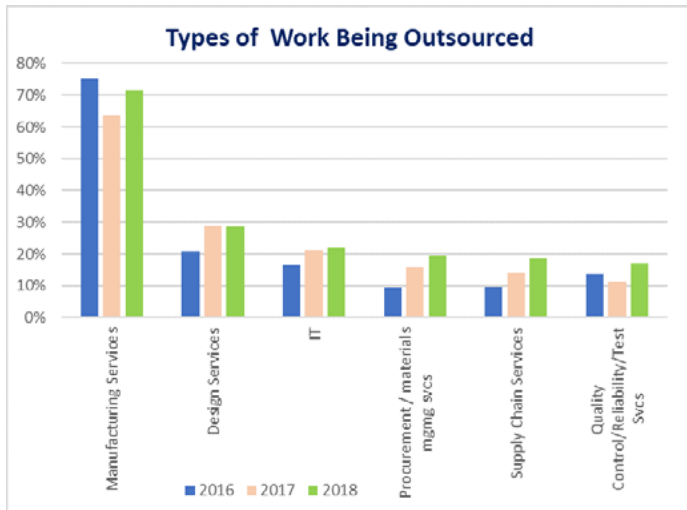


Figure 5



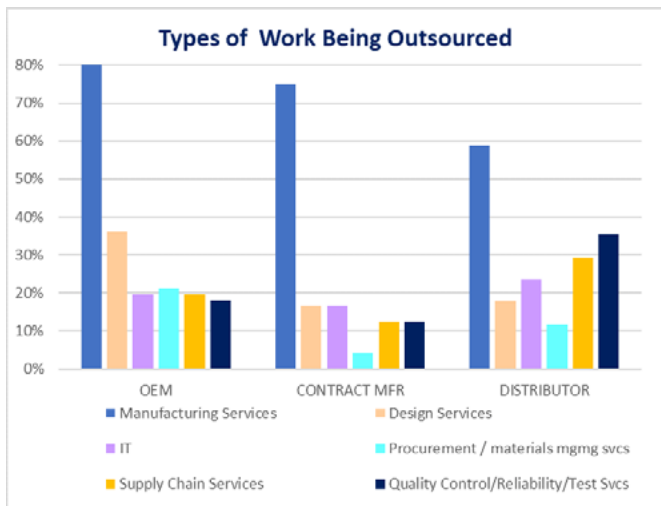
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 6



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 7



Source: SourceToday 2018 Salary and Career Trends Survey

## Who Makes the Outsourcing Decision?

A wider range of stakeholders has been providing increased input into the outsourcing decision over the past three years. While CEOs and purchasing appear to be slightly less involved, the responsibility is shifting significantly to various levels of engineering and financial management. In addition, the board of directors is participating more actively in outsourcing decisions according to the results of the survey.

Table 2: Participants in Outsourcing Decisions

| Who gets involved in making the decision whether or not to outsource at your company? | 2016  | 2017  | 2018  |
|---|-------|-------|-------|
| President/chairman/CEO  | 52.7% | 51.3% | 46.8% |
| Purchasing  | 41.2% | 39.9% | 36.8% |
| Other corporate management  | 35.1% | 36.2% | 35.8% |
| Senior engineering management   | 19.5% | 21.5% | 30.0% |
| CFO/other financial management  | 17.0% | 23.7% | 27.9% |
| Engineering management  | 18.1% | 20.0% | 25.8% |
| Engineering   | 15.6% | 14.2% | 20.5% |
| Board of directors  | 8.1%  | 14.4% | 17.4% |
| Clients/customers   | 8.6%  | 8.6%  | 6.3%  |
| Outside consultant  | 2.2%  | 2.7%  | 5.3%  |
| Government  | 1.3%  | 5.6%  | 4.2%  |

Source: SourceToday 2018 Salary and Career Trends Survey

## How Does Outsourcing Impact Purchasing and Procurement Professionals?

While purchasing professionals give the highest rating to a positive factor regarding the impact of outsourcing, the overall ratings are dominated by negative factors. “The Opportunity to Work on More Innovative Projects” receives the greatest percentage of votes in the ratings. However, the next four categories show a strong concern over the impact of outsourcing on the careers of purchasing professionals.

Perceptions of outsourcing are generally negative across all company types and experience levels. Professionals at contract manufacturers and distributors are more likely to see positive aspects than those at OEMs. Based on comments captured in the survey the general sentiment appears to be that outsourcing is necessary for a business to be successful in a highly competitive economy. The common feeling expressed was a desire for jobs to stay in the U.S. It will be interesting to see if this feeling is moderated in the next survey if strong employment conditions persist into next year.

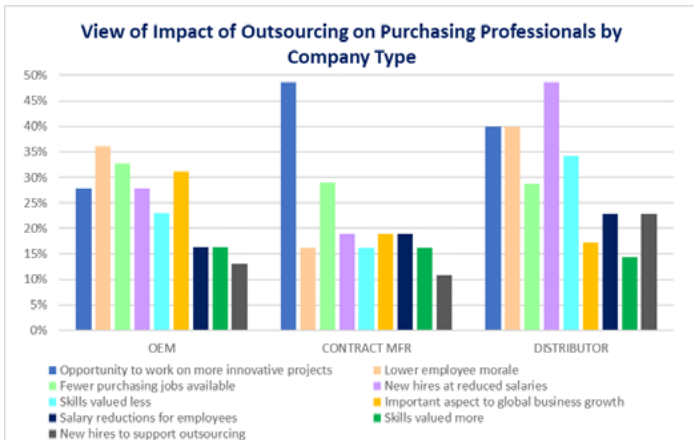
Another interesting finding was, professionals who work at companies that do not participate in outsourcing have much stronger negative feelings about outsourcing and are significantly less likely to see the benefits. Perhaps, fear of the unknown plays a strong role in shaping perceptions regarding outsourcing.

Table 3: Impact of Outsourcing

| What impact do you feel the current trend toward outsourcing is having on purchasing professionals? | 2016  | 2017  | 2018  |
|---|-------|-------|-------|
| Opportunity to work on more innovative projects   | 27.7% | 33.7% | 35.4% |
| Lower employee morale   | 26.2% | 20.6% | 29.3% |
| Fewer purchasing jobs available   | 32.6% | 29.0% | 28.7% |
| New hires at reduced salaries   | 25.5% | 23.1% | 27.6% |
| Skills valued less  | 25.1% | 16.7% | 24.9% |
| Important aspect to global business growth  | 26.0% | 30.3% | 23.2% |
| Salary reductions for employees   | 15.1% | 15.2% | 19.3% |
| Skills valued more  | 15.5% | 21.3% | 17.1% |
| New hires to support outsourcing  | 13.6% | 14.7% | 15.5% |

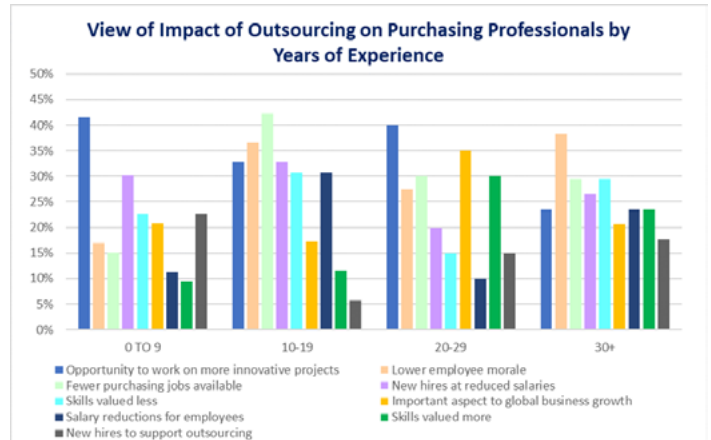
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 8



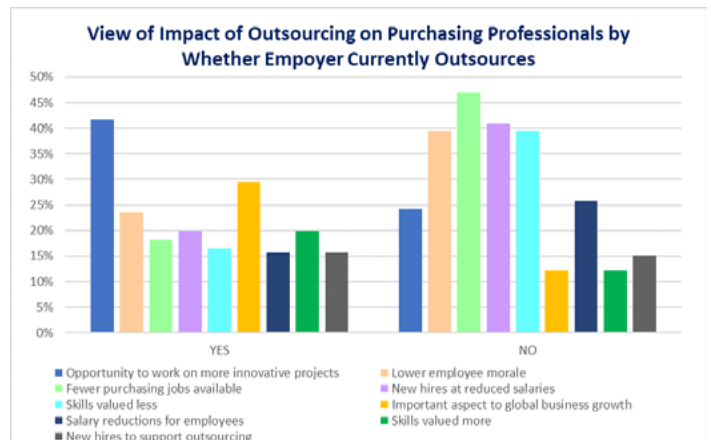
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 9



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 10



Source: SourceToday 2018 Salary and Career Trends Survey

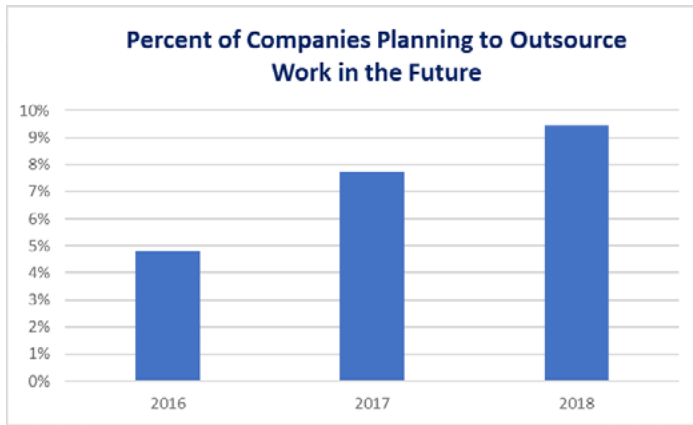
### Is There Reason for Concern?

The number of purchasing professionals concerned about losing their job due to outsourcing has increased notably between 2016 and 2018. The percentage reporting some degree of concern increased from 16.3% to 19.5% in this time, with those “Very Concerned” growing from 4.3% to 6.8%. The greatest concern is reported by purchasing professionals at OEMs, with 23.1% being concerned. Contract Manufacturing

professionals come in at 20.5%. Meanwhile, the level of concern at Distributors is much lower at 14.3%.

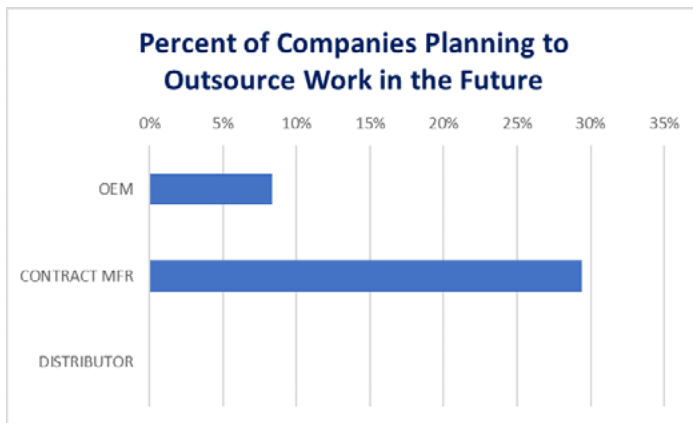
Is there reason for this modest increase in concern? It appears that recent experience may be influencing this increase. Survey respondents reporting their company eliminated purchasing jobs due to outsourcing jumped from 7.1% in 2017 to 11.0% in 2018. Again, this increased concern may be

Figure 11



Source: SourceToday 2018 Salary and Career Trends Survey

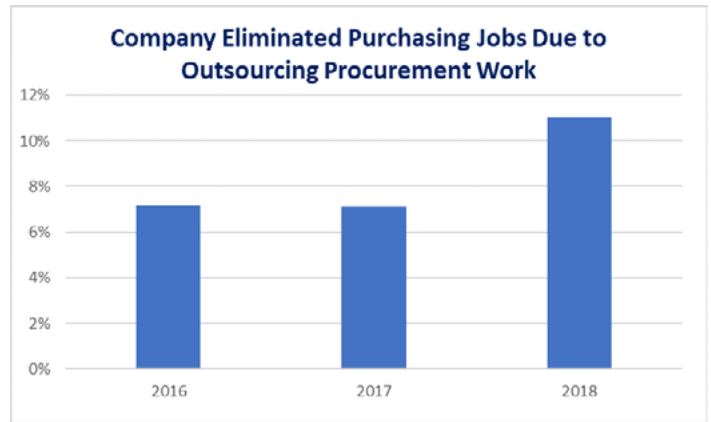
Figure 12



Source: SourceToday 2018 Salary and Career Trends Survey

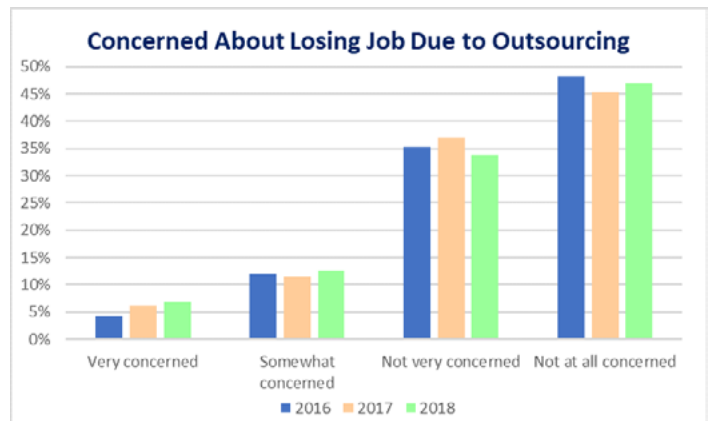
alleviated moving forward as competition grows for talented purchasing professionals in a strong economy.

Figure 13



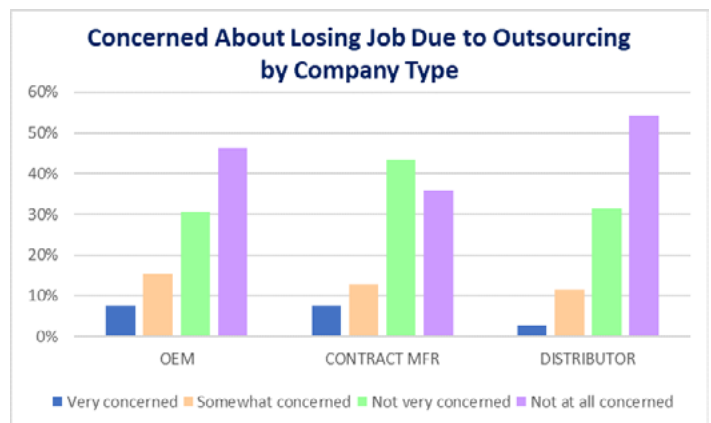
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 14



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 15



Source: SourceToday 2018 Salary and Career Trends Survey

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REPORT 2:

# Automation's Impact on Purchasing Professionals

This report covers the impact of outsourcing activity, and is the second in a series of five reports covering key dimensions related to salary and career trends. Other reports in this series have or will cover the following topics:

- The impact of outsourcing
- Purchasing professional demographics
- Compensation trends
- Purchasing workforce dynamics

**D**ata in this report is presented and analyzed from multiple perspectives. This is the first year questions about the impact of automation were asked in the survey.

## Automation Has Achieved a Strong Presence – Including Supply Chain Management Adoption

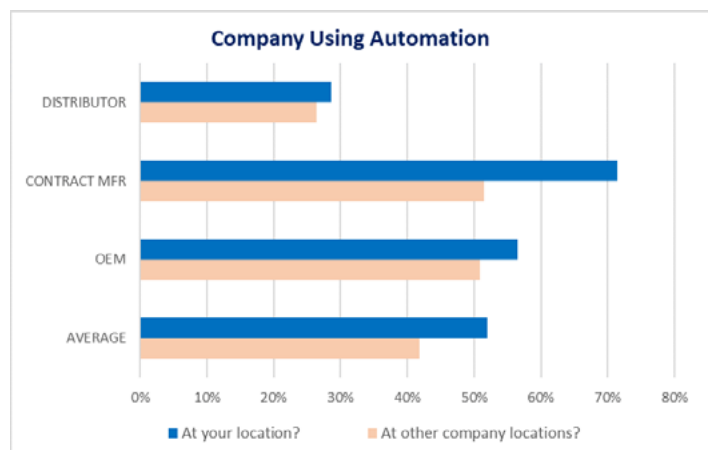
As shown in *Fig. 1*, more than half of respondents to the survey reported that their company employs some type of automation. Not surprisingly, the highest rate of adoption was identified at contract manufacturers. Most respondents had firsthand knowledge of the use of automation, as the highest rate of usage was at their same location. Distributors lag far behind other companies in their implementation of automation.

This low rate of adoption is interesting in light of the results presented in *Fig. 2*. While manufacturing automation was identified with the strongest rate of adoption, supply chain management registered a strong second with nearly one-third of companies employing automation solution in their supply chain solutions. It would appear that distributors lag behind

their partners in the supply chain in capturing the benefits of automation.

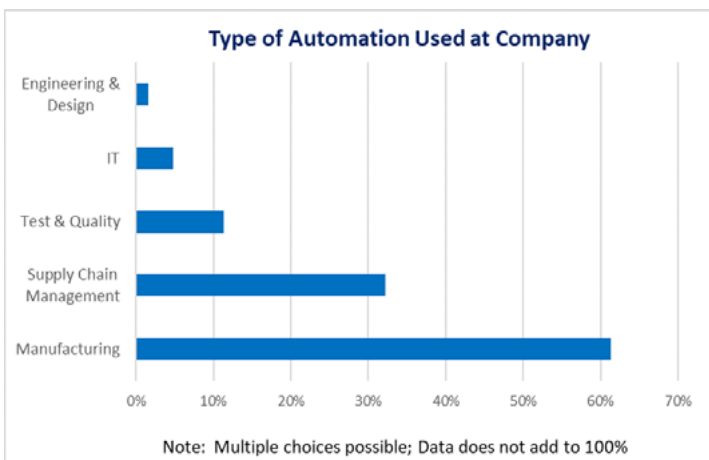
The written responses in the survey demonstrate a strong positive view of the impact of automation. Responses included benefits such as improved performance and morale; creation of value and profitability; reduction in repetitive, mundane work; and development of more rewarding and stimulating roles/opportunities. Only 7% of respondents identified concerns regarding the impact of automation such as possible job loss. These written responses align with the quantitative responses to the survey.

Figure 1



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 2



Source: SourceToday 2018 Salary and Career Trends Survey

### Automation Not a Cause for Concern Regarding Job Loss Now or in Future

While automation has been adopted by more than half of survey participant companies, nearly 68% indicate they have not been impacted by automation. This would mean no impact in either a positive or negative way. So, while the implementation of automation is relatively widespread, it has yet to impact a large majority of purchasing professionals in any significant way.

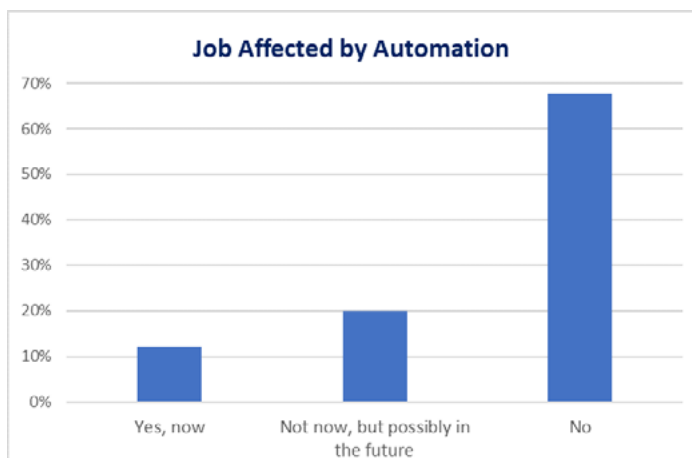
As indicated in their written responses, survey participants showed strong confidence in their future job prospects in the context of impact from automation. More than 84% of respondents reported that they were “not at all concerned” or “not very concerned” regarding possible jeopardy to their position by automation in the future. Only 3.4% reported that they were “very concerned.”

Consistent with other survey results, 77.5% of participants in the survey stated that it is “not at all likely” that they would need to find another role in their company because their job would be eliminated by automation. The greatest confidence was expressed by professionals at distributors, where nearly 83% reported no concern.

This confidence comes in spite of the result showing 60% of companies did not offer training for professionals displaced by automation. This far exceeded the reports of training options at OEMs and contract manufacturers. However, the lack of concern among professionals regarding automation is best indicated by the survey result showing nearly 35% were not even sure whether their company offered training for displacement due to automation.

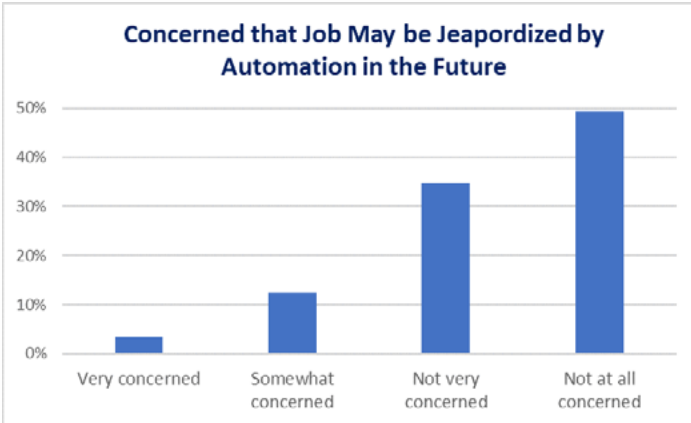
The results of this first survey by SourceToday show a strong favorable response to the impact of automation in the workplace and careers. On the other hand, while companies have shown a strong rate of adoption of automation, the impact on supply chain professionals is relatively minimal to this point.

Figure 3



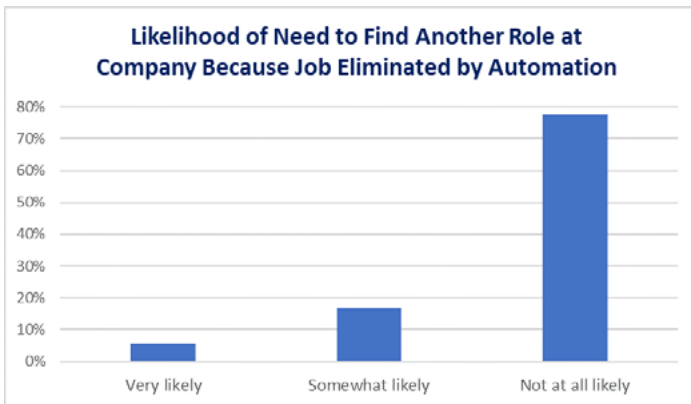
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 4



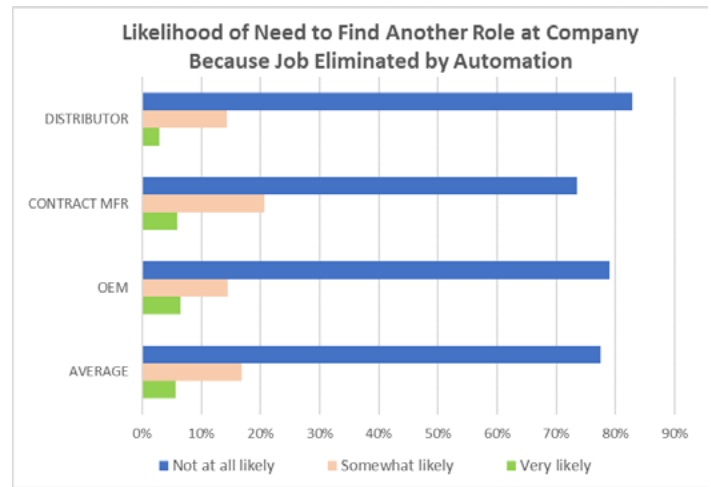
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 5



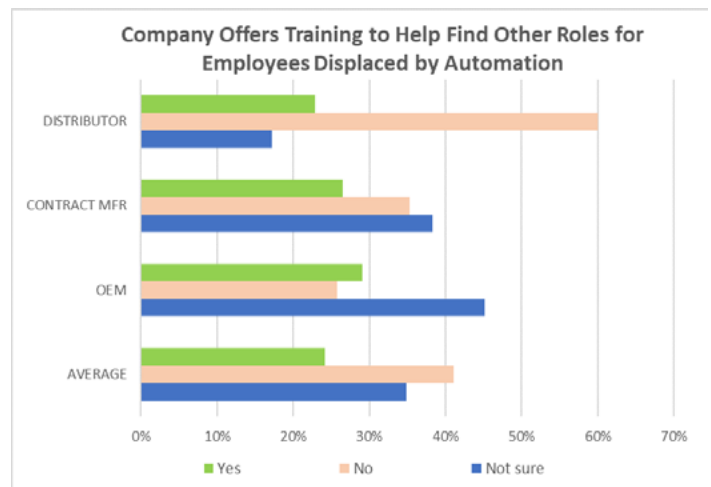
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 6



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 7

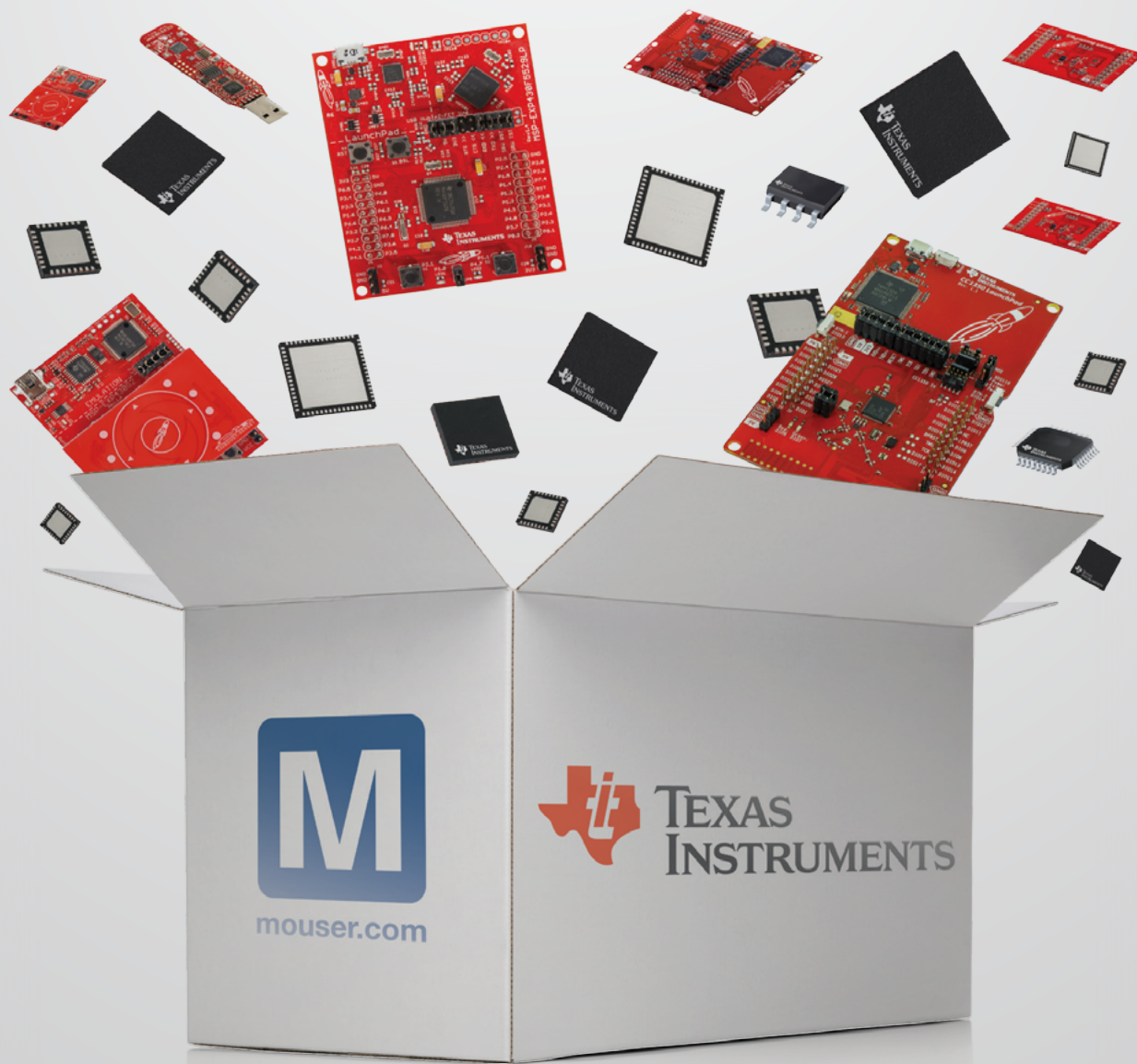


Source: SourceToday 2018 Salary and Career Trends Survey

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REPORT 3:

# Demographic Trends on Purchasing Professionals

This report covers the demographics of purchasing/procurement professions, and is the third in a series of five reports covering key dimensions related to salary and career trends. Other reports in this series have or will cover the following topics:

- Outsourcing’s impact on purchasing professionals
- Automation’s impact on purchasing professionals
- Compensation trends
- Purchasing workforce dynamics

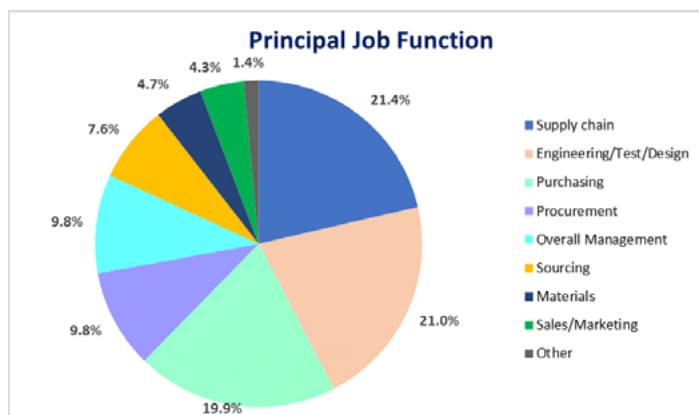
**D**ata in this report is presented and analyzed from multiple perspectives.

## Diverse Representation in Survey—Including Engineers and Sales

The latest salary and career Survey achieved participation from a wide variety of purchasing and procurement professionals in terms of job function, title, and type of company. Interestingly, the second largest category of participants were professionals responsible for “Engineering/ Test/Design” work as shown in *Fig. 1*. This category was not listed as a choice in the survey. These participants were identified by studying the inputs under the “Other” category. The participants in this category all self-identified in this principal job function in the survey. In addition, study of the “Other” category yielded strong participation by professionals in the “Sales/Marketing” category and “Overall Management.” Addition of these categories illustrates the important role played by these professionals in the procurement work of companies.

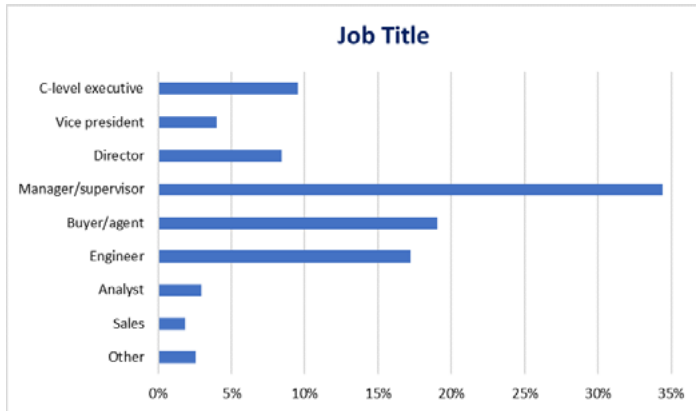
The data presented in *Figs. 2 and 3* show the survey responses by title and type of company. Again, “Engineer” and “Sales” have been identified in the responses. The input for “Type of Company” showed a wide range of participants in the “Other” category that cannot be clearly grouped into additional categories. Examples of input in the “Other” category are: Hospital, Airline, Beverage Manufacturer, Municipality, Agriculture, Education, Retail, etc. It is valuable to understand that procurement is critical to companies beyond the traditional groupings represented by OEM, ODM, Contract Manufacturer, and Distributor.

Figure 1



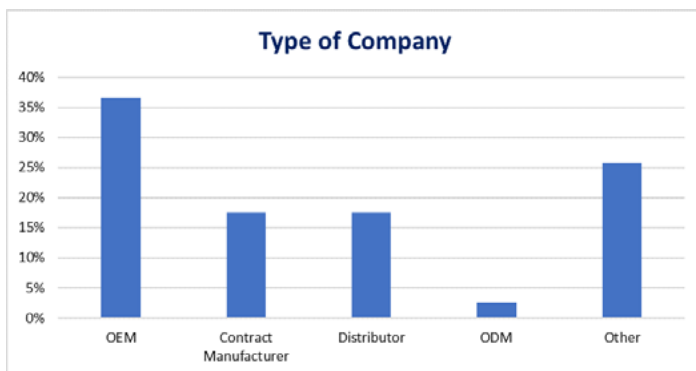
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 2



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 3



Source: SourceToday 2018 Salary and Career Trends Survey

### Strong Satisfaction Identified; Underrepresented Women Report Strongest Career Engagement

The results of the survey point to high levels of career satisfaction among procurement professionals as 86% reported they would recommend it as a career path to a young person looking to choose a profession. This positive result is shown in Fig. 4. However, a key group that is notably underrepresented in the profession actually represent opportunities to improve the overall positive ratings for the profession. Women only accounted for 32% of participants in the survey as shown in Fig. 5. When the question on whether they would recommend purchasing as a career is segmented by Male and Female categories it is found that over 96% of women report “Yes” as compared to 84% of men. Clearly,

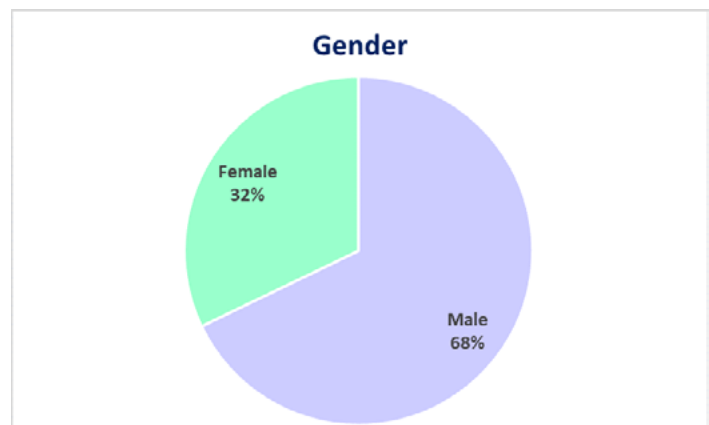
employers would benefit from redoubled efforts to recruit women to the procurement profession.

Figure 4



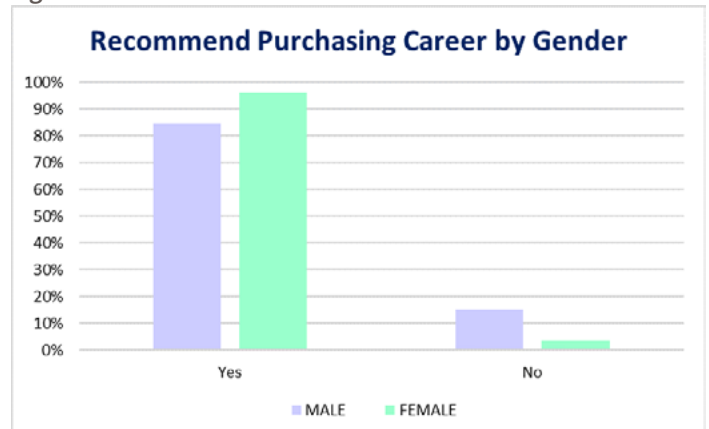
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 5



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 6



Source: SourceToday 2018 Salary and Career Trends Survey

## Healthy Level of Experience in the Procurement Profession— But is there a Ticking Age Time Bomb?

In terms of both overall time spent working in purchasing and time at their current employer, the data reported in Figs. 7 and 8 show a healthy spread of experience and that over half of employees have stayed with their current employer for over 10 years, a significant level of retention. Employees with tenure of at least 5 years is reported at 70%. On average, survey participants have worked in procurement 17.5 years and at their current employer for 12.3 years. This data indicates an important level of satisfaction with both the career and employer choices of procurement professionals.

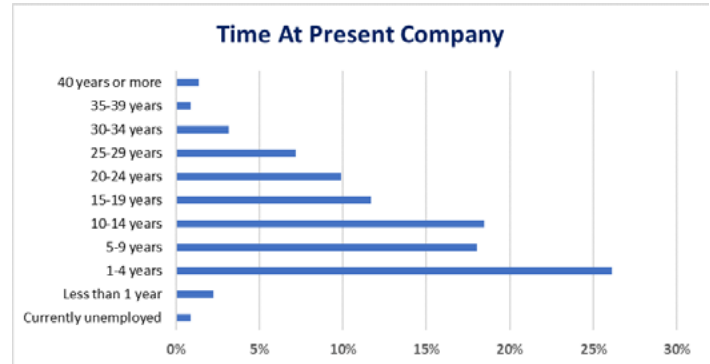
The area of concern flagged by the survey is seen in Fig. 9. Over half of survey participants are over the age of 55 with more than 30% over 60 years of age. The average age reported in this survey is over 52 years old. This points to the potential for a significant level of retirement over the coming decade. Employers need to implement programs now to enable the transfer of knowledge and skills to younger professionals from seasoned veterans and recruit new talent into their companies.

Figure 7



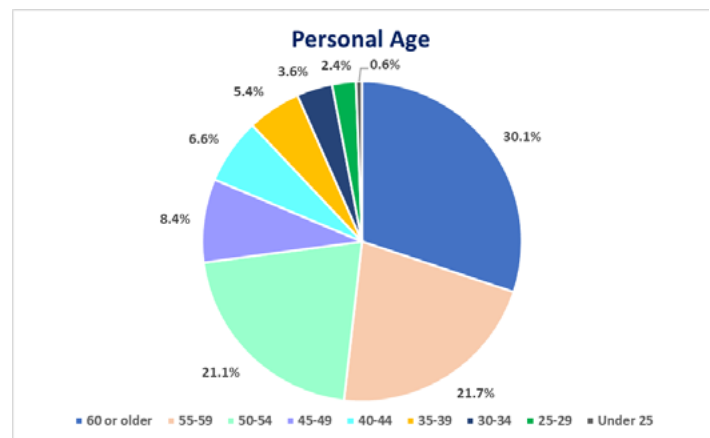
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 8



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 9



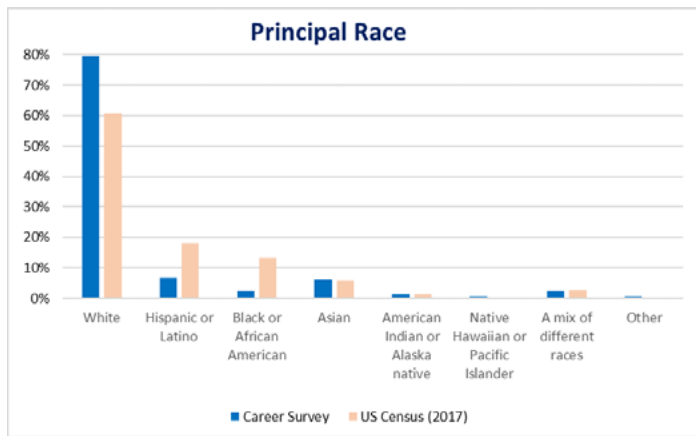
Source: SourceToday 2018 Salary and Career Trends Survey

## Need for Greater Recruitment of Minority Professionals

The data shown in Fig. 10 and Table 1 reflect the opportunity to expand the procurement profession with more effective participation by minorities. It is seen that there is a significant disparity in terms of the share of the U.S. population represented by “Black or African American” and “Hispanic or Latino” groups compared to participants in the career survey. U.S. census data for 2017 shows 18.1% of the population as “Hispanic or Latino” while only 6.8% identified themselves

in this category in the salary and career survey. Similarly, the U.S. Census survey shows 13.4% of the population as “Black or African American” while only 2.5% selected this category in the survey. Table 1 shows notably low representation by professionals born outside the US. Employers across the broad spectrum of industries will benefit significantly from efforts to recruit minorities into purchasing and procurement careers.

Figure 10



Source: SourceToday 2018 Salary and Career Trends Survey

Table 1

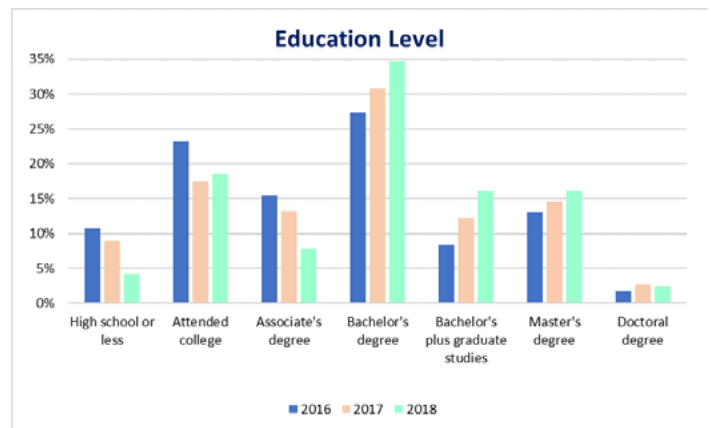
| Birth Location        | 2018  |
|-----------------------|-------|
| United States         | 81.7% |
| Canada                | 0.0%  |
| Mexico                | 2.4%  |
| Central/South America | 1.8%  |
| Europe                | 4.3%  |
| Asia/Pacific          | 3.7%  |
| Middle East           | 0.6%  |
| Africa                | 0.0%  |
| Other                 | 5.5%  |

Source: SourceToday 2018 Salary and Career Trends Survey

## Education Levels Advancing Among Procurement Professionals

The increasing educational requirements of a procurement career is leading to a rapid increase in the level of education reported by professionals. In 2016 half of survey participants reported that they had a Bachelor’s degree or higher education. By 2018 that number grew to nearly 70% of survey participants, as shown in Fig. 11. Those without at least some college experience fell from nearly 11% in 2016 to roughly 4% by 2018. This result reflects the growing level of education and ability demanded by the profession.

Figure 11



Source: SourceToday 2018 Salary and Career Trends Survey

## Strong Survey Participation by Industry, Company Size, and Geography

As shown in Figs. 12 and 13 and Table 2, survey participants provide representation from a wide variety of companies in terms of type of product/service, size of company, and geographic location. Military/aerospace/defense, Industrial controls systems/equipment, and Miscellaneous manufacturing had the strongest participation. But there was strong participation across all areas including a diversified group reported under “Other.” All company sizes are represented in the survey as well as 36 states.

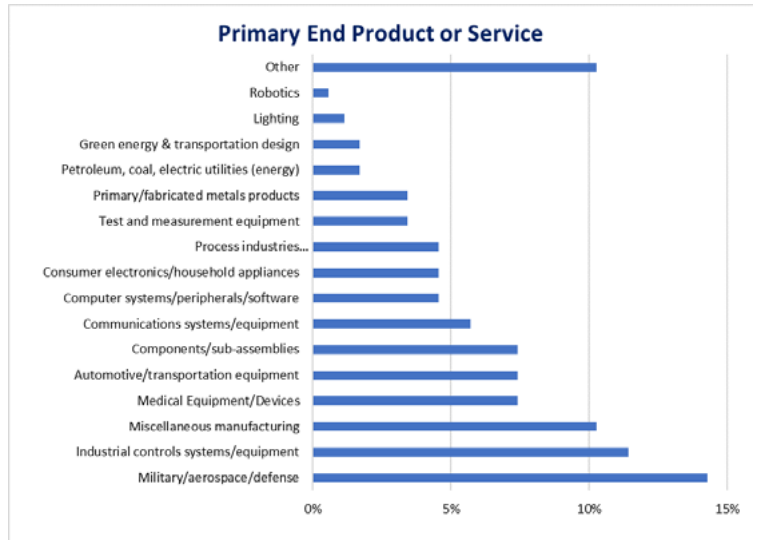
Table 2

**LOCATION OF EMPLOYMENT**

| STATE          | 2018  |
|----------------|-------|
| California     | 20.3% |
| Illinois       | 9.5%  |
| Connecticut    | 5.4%  |
| Florida        | 5.4%  |
| New York       | 5.4%  |
| Texas          | 4.7%  |
| New Hampshire  | 4.1%  |
| Massachusetts  | 3.4%  |
| Oregon         | 3.4%  |
| Pennsylvania   | 3.4%  |
| Georgia        | 2.7%  |
| Michigan       | 2.7%  |
| Minnesota      | 2.7%  |
| Washington     | 2.7%  |
| Alabama        | 2.0%  |
| Wisconsin      | 2.0%  |
| Alaska         | 1.4%  |
| Colorado       | 1.4%  |
| Kansas         | 1.4%  |
| Louisiana      | 1.4%  |
| Maryland       | 1.4%  |
| Ohio           | 1.4%  |
| Rhode Island   | 1.4%  |
| South Carolina | 1.4%  |
| Virginia       | 1.4%  |
| West Virginia  | 1.4%  |
| Arizona        | 0.7%  |
| Arkansas       | 0.7%  |
| Idaho          | 0.7%  |
| Indiana        | 0.7%  |
| Kentucky       | 0.7%  |
| Missouri       | 0.7%  |
| North Carolina | 0.7%  |
| New Jersey     | 0.7%  |
| New Mexico     | 0.7%  |
| South Dakota   | 0.7%  |

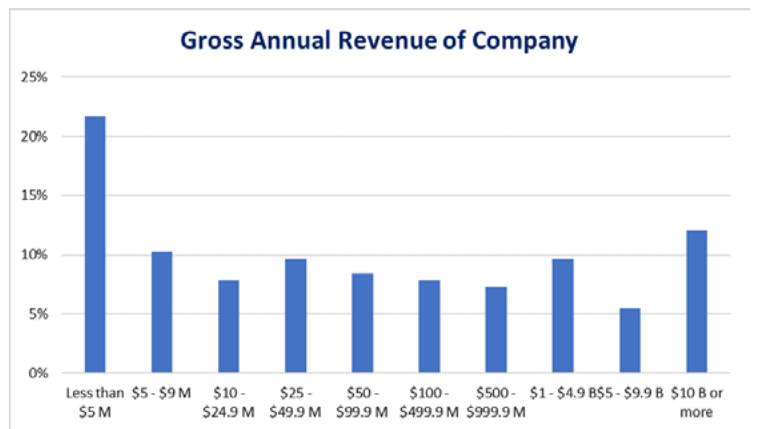
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 12



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 13



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# IT ALL STARTED IN 1887 AS A SMALL BOSTON STOREFRONT SELLING SPEAKING TUBES.



Over 130 years later, Sager Electronics has grown into a leading North American distributor of interconnect, power and electromechanical electronic components. Acquired in 2012 by TTI, Inc., a Berkshire Hathaway, Inc. company, Sager continues to operate with the same dedication to its core values – integrity, service and adaptability.

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DALE FORD, Contributor

REPORT 4:

# Compensation Trends on Purchasing Professionals

This report covers the compensation trends of purchasing/procurement professionals and is the fourth in a series of five reports covering key dimensions related to salary and career trends. Other reports in this series have or will cover the following topics:

- Outsourcing’s impact on purchasing professionals
- Automation’s impact on purchasing professionals
- Purchasing professional demographics
- Purchasing workforce dynamics

**D**ata in this report is presented and analyzed from multiple perspectives.

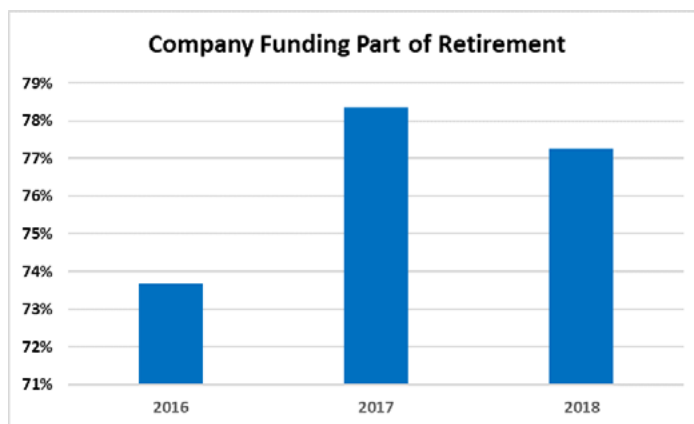
## Bonuses Jump in Compensation Plan Participation in 2018

The results of the latest salary and career survey show no significant change in company funding of retirement programs overall, as shown in *Fig. 1*. Typically, more senior professionals report a stronger participation in retirement programs, with the exception of C-level executives as presented in *Fig. 2*. It may be that other benefits granted C-level executives are not viewed as retirement benefits by the survey respondents. While participation in 401(k) and similar programs remained high, above 80%, other forms of compensation saw notable jumps compared to 2017.

*Figure 3* shows that payment of bonuses jumped more than 15% to 27.5% in 2018. The strong participation in bonus programs extended across the titles in a category as shown in *Fig. 4*. Outside of 401(k) programs, this was typically the

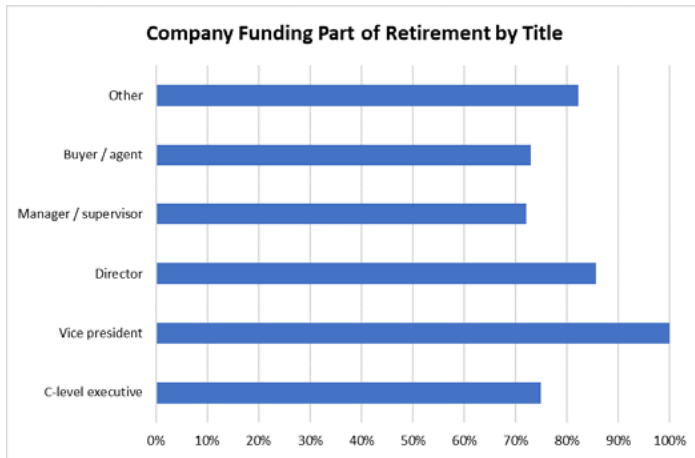
strongest area of participation in 2018. C-level executives showed ownership in the company as their highest level of participation. Employee stock ownership programs (ESOP) and profit-sharing also saw notable increases in reported participation in 2018. With the favorable business conditions in 2018, it appears many companies chose to reward employees with bonuses. This is a popular way to reward employees in a year with a strong financial performance.

Figure 1



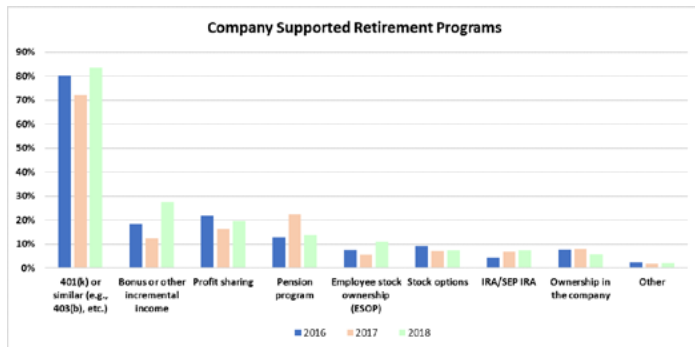
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 2



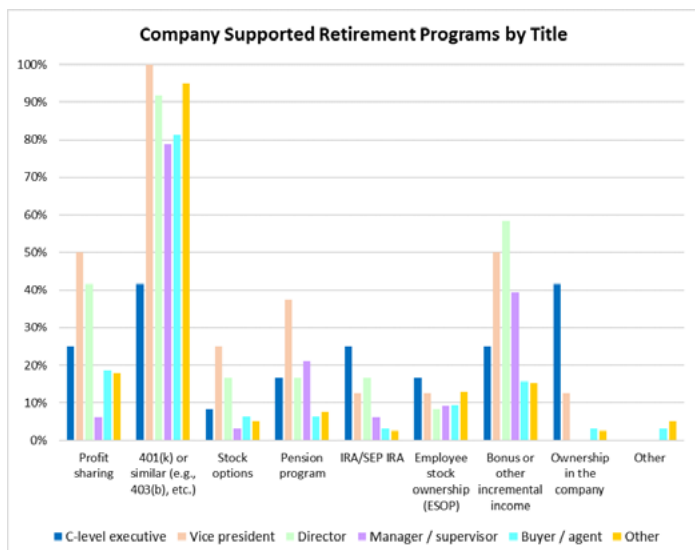
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 3



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 4



Source: SourceToday 2018 Salary and Career Trends Survey

## Average Base Salary of Participants Reaches Nearly \$100K in 2018

As shown in *Fig. 5*, the most common salary in 2018 ranged between \$50,000 and \$125,000, with the highest share coming in the \$50,000 to \$60,000 range. The overall average of participants for 2018 was \$99,590. The number of professionals with compensation above six figures was notable, with nearly one-third of participants reporting salaries greater than \$100,000.

Variations across title matched typical expectations, with average salary peaks ranging from \$200K to \$250K for vice presidents and \$50K to \$60K for buyers/agents, as seen in *Fig 6*. C-level executives did have a somewhat surprising result with a bipolar distribution. 23.1% reported salary above \$300,000 with the same percentage reporting salary below \$30,000. It is assumed those on the low end received more significant compensation in other categories such as company ownership and stock options.

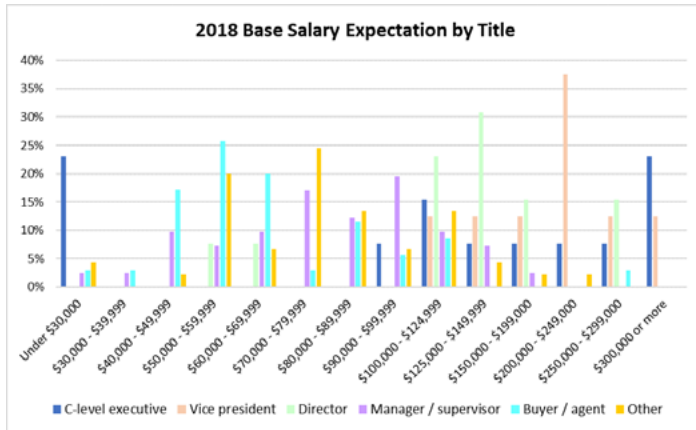
There is a notable disparity in the reported compensation between men and women. Figure 7 shows the base salary for men centered around the \$100K to \$125K range, while the peak for women is the \$50K to \$60K range. The overall average for men was \$108,943 in 2018, whereas the average for women was reported at \$73,625—a difference of more than \$35,000.

Figure 5



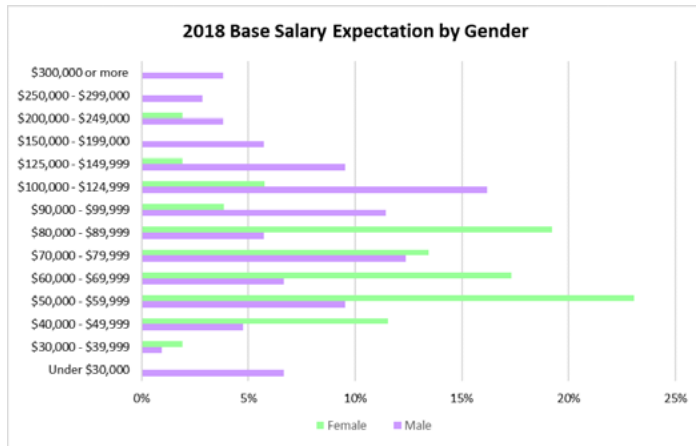
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 6



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 7



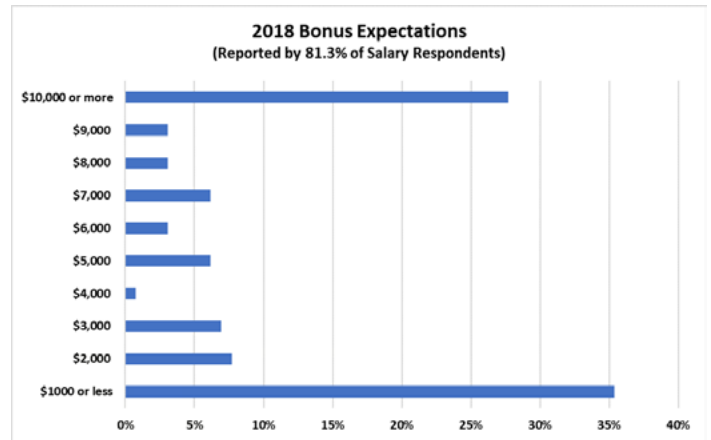
Source: SourceToday 2018 Salary and Career Trends Survey

### Major Bonus Payment Disparity

As noted previously, the rate of participation in bonus payments expanded significantly in 2018. However, it appears much of that increase was in bonuses of less than \$1,000. Figures 8, 9, and 10 show a highly bipolar result in terms of the value of bonus payments overall, by title and by gender. More than 81% of survey participants reported that they received a bonus payment in 2018. (This is different from bonuses reported as part of a retirement program.) The average payment was reported at \$4,962.

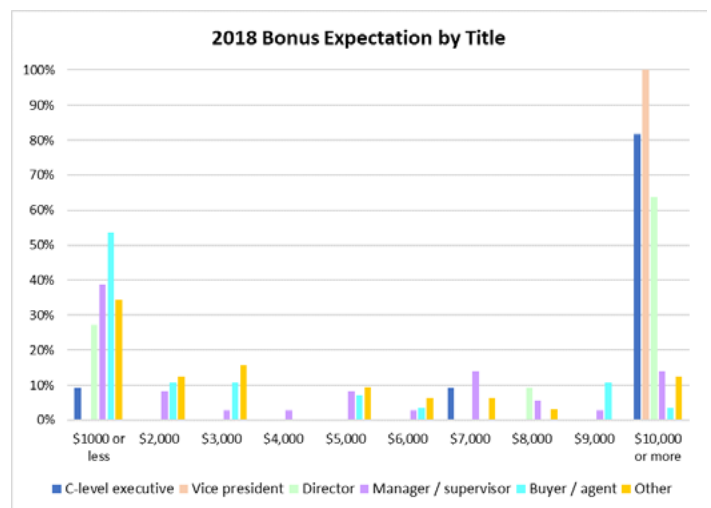
However, 35.4% of participants reported bonuses at \$1,000 or less, while 27.7% reported at \$10,000 or more. Over 63% of bonus payments were reported in the two opposite categories. Professionals with titles of director or above dominate the bonuses reported over \$10,000, while manager titles and below typically fall in the \$1,000 or below category. There is little participation in-between these two ends of the spectrum. Men follow a similar result as the overall bonus payment profile, while women show a strong peak (43.2%) at bonuses of \$1,000 or less.

Figure 8



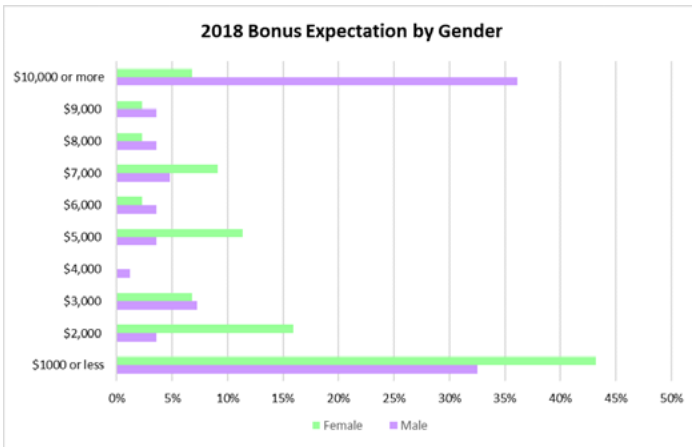
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 9



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 10

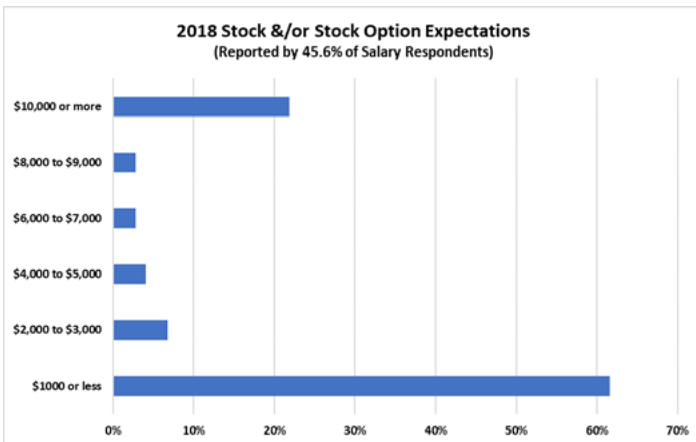


Source: SourceToday 2018 Salary and Career Trends Survey

### Value of Stock Compensation \$1,000 or Less for More Than 60% of Recipients

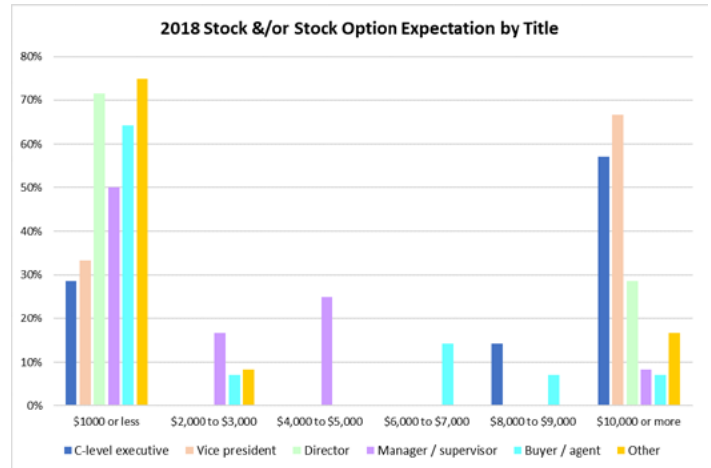
Within the survey, 45.6% of participants reported stock and/or stock options in 2018. As shown in *Fig. 11*, the large majority, 61.6%, expected bonus compensation values at \$1,000 or below. Again, the payments sit at both ends of the spectrum, with the next highest group at 21.9% in the \$10,000 or above category. Only 16.5% of participants reported a bonus value between these two opposite ends. *Figures 12 and 13* show the same pattern of participation across titles and between genders as seen in the salary and bonus payment profiles reported above.

Figure 11



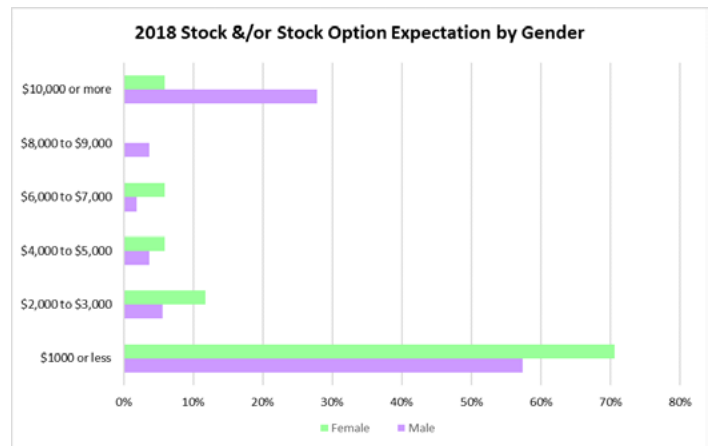
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 12



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 13

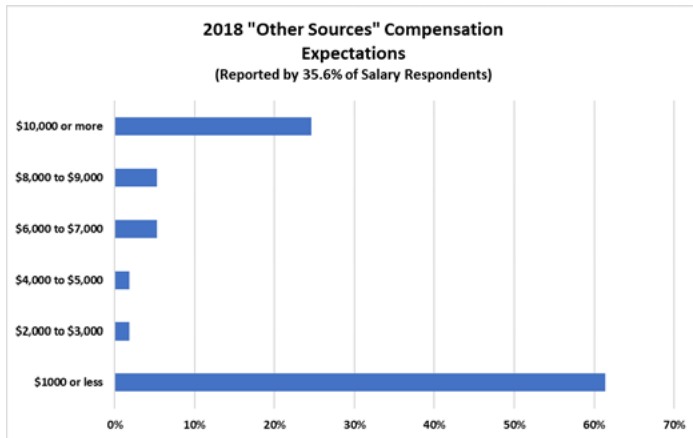


Source: SourceToday 2018 Salary and Career Trends Survey

### “Other Sources” of Compensation Fit Overall Pattern

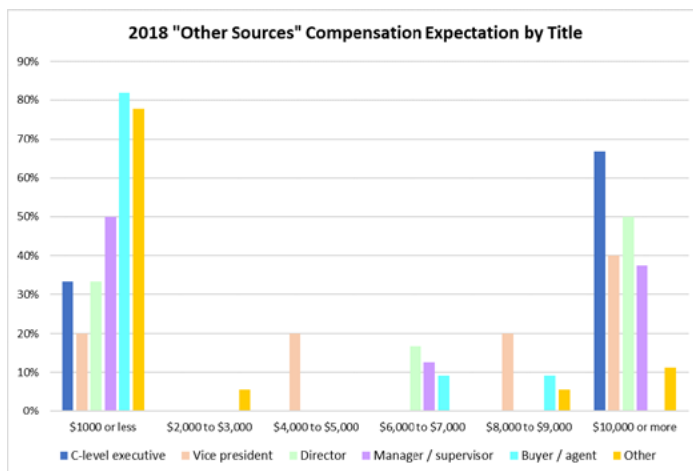
The data presented in *Figs. 14, 15, and 16* show that the same pattern of compensation continues in this category, as reported in the areas of salary, bonus, and stocks. The types of compensation in this area include things such as commissions, long-term incentive plans, and matching charitable contributions.

Figure 14



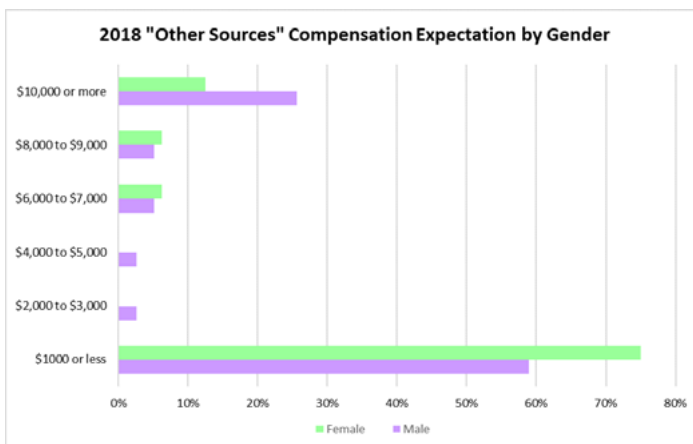
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 15



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 16



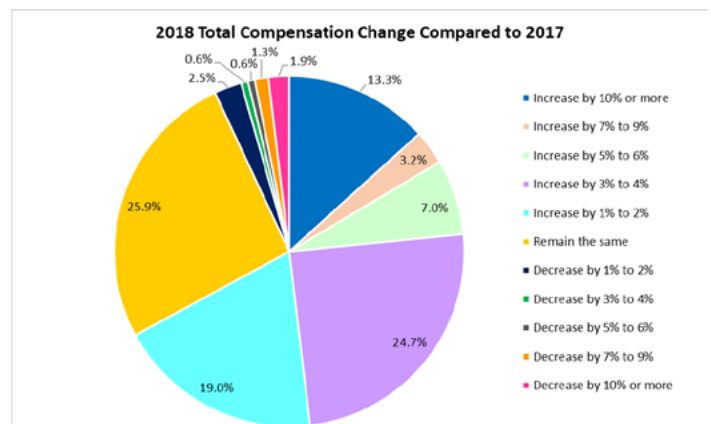
Source: SourceToday 2018 Salary and Career Trends Survey

## 70% Expect Compensation Change by 0% to 4% in 2018

Figure 17 shows that the largest share of professionals (25.9%) expect their compensation to remain unchanged in 2018. Given the strong business conditions and relative optimistic economic outlook, this is a surprising result. Perhaps some companies have less confidence in the future and are choosing to provide temporary compensation boosts in the form of one-time bonuses rather than committing to long-term compensation increases.

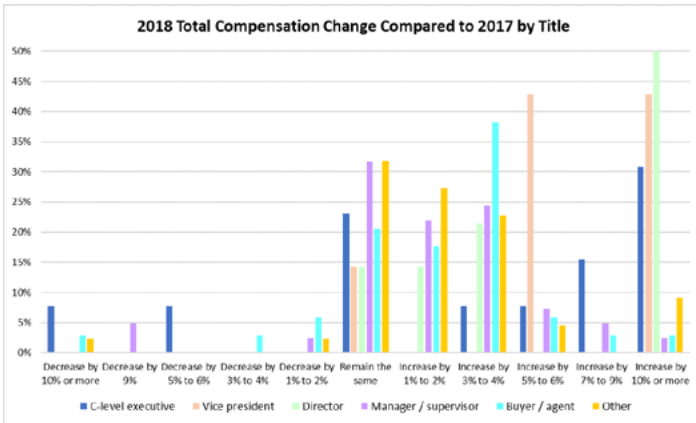
Only 7% of participants expect to see their compensation decrease. The overall average expected compensation increase in 2018 was reported at 2.65%. Following the overall trend, the largest increases are reported at the director level and above, as seen in Fig 18. While women fare a bit better in expectations of compensation growth presented in Fig. 19, the overall average increase expected by women is 1.76%, compared to 2.93% for men.

Figure 17



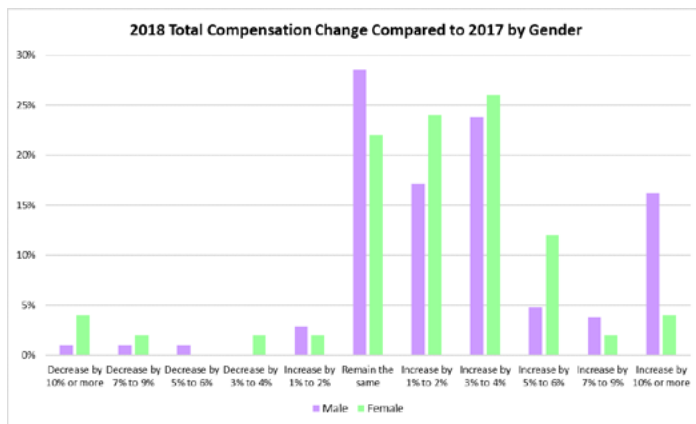
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 18



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 19

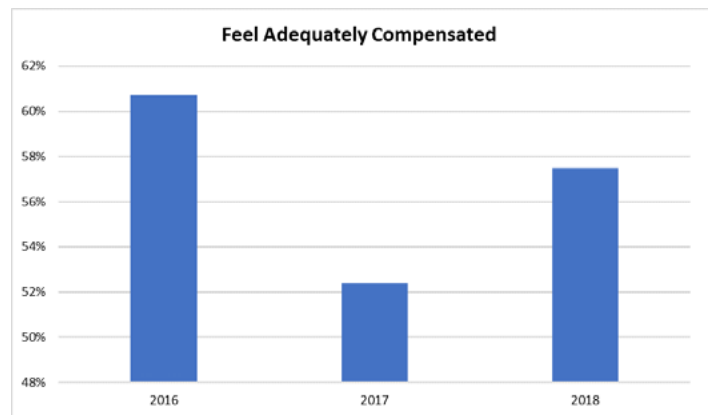


Source: SourceToday 2018 Salary and Career Trends Survey

### Perceptions of Compensation Fairness Improve in 2018

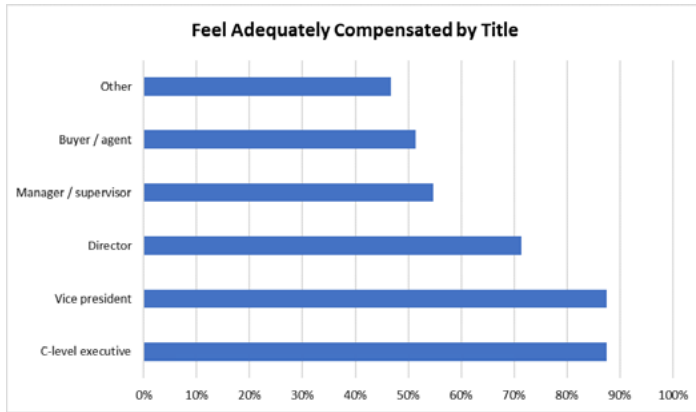
Overall, the perception of compensation fairness improved by over 5% to 57.5% in 2018 compared to 2017, as seen in Fig. 20. The feeling that they are compensated fairly is highest among C-level and vice president titles at 87.5% of participants., whereas only 51.4% of agents/buyers and 46.7% in the “other” title categories feel they are compensated fairly. This is shown in Fig 21. Given, the survey results showing the major differences between men and women in every compensation category, it is not surprising to see that only 37.7% of women feel fairly compensated compared to 65.8% of men. This represents a significant area of needed improvement in the procurement / purchasing profession. See Fig. 22.

Figure 20



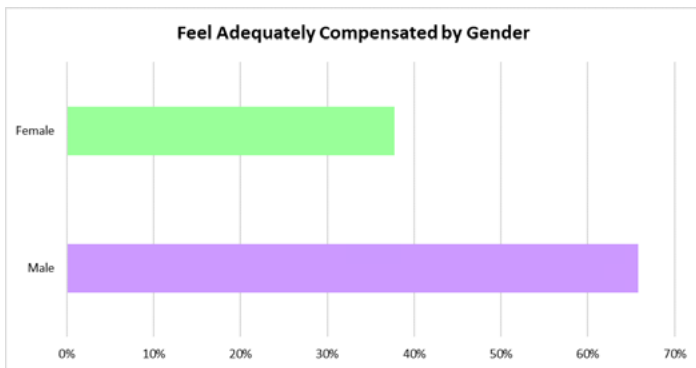
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 21



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 22



Source: SourceToday 2018 Salary and Career Trends Survey

Table 1

| If no, what percentage increase in pay would bring you to a fair compensation level? |              |
|--|--------------|
| Increase   | 2018         |
| 1%-5%  | 10.5%        |
| <b>6%-10%</b>  | <b>44.7%</b> |
| 11%-15%  | 14.5%        |
| <b>16%-20%</b>   | <b>17.1%</b> |
| 21%-25%  | 6.6%         |
| <b>26%-30%</b>   | <b>1.3%</b>  |
| 31%-35%  | 2.6%         |
| <b>More than 35%</b>   | <b>2.6%</b>  |

Source: SourceToday 2018 Salary and Career Trends Survey

Table 1 shows the amount of increase that would be needed for employees who feel they are currently undercompensated to reach what they consider a fair level. The level of increase is not modest, with nearly 90% desiring compensation growth at 6% or above to be fair. This represents a significant challenge to professional procurement employee retention that companies will need to address.

### Healthcare Dominates Concerns Regarding Benefits

More than half of all comments regarding company compensation policies and procedures addressed healthcare. Of those comments, nearly 90% reflected negative views regarding trends in this area, as costs increase and employees are required to shoulder a larger share of the costs or see their coverage reduced. These concerns are expressed in many ways but carry this consistent theme. This is in line with the overall issue of healthcare coverage costs across all areas. The next most common area of unhappiness was the view that employee workloads are increased without matching compensation. It is common that people will normally comment when they are unhappy with something. Hence, 83% of comments on compensation policies and procedures were negative.

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DALE FORD, Contributor

REPORT 5:

# Workforce Dynamics on Purchasing Professionals

This report covers the workforce dynamics of purchasing/procurement professionals and is the fifth in a series of five reports covering key dimensions related to salary and career trends. Other reports in this series have covered the following topics:

- Outsourcing’s impact on purchasing professionals
- Automation’s impact on purchasing professionals
- Purchasing professional demographics
- Compensation trends

**D**ata in this report is presented and analyzed from multiple perspectives.

## Economic Outlook Brightens – Government Policies Primary Reason for Credit or Blame

Expectations for a strong 2019 among procurement professionals moved even higher in the latest survey, with more than 71% of respondents expressing either a “Very Positive” or “Somewhat Positive” outlook for the coming year (*Fig. 1*). This was an improvement of nearly 5% from the same survey last year, which showed a significant jump in optimism.

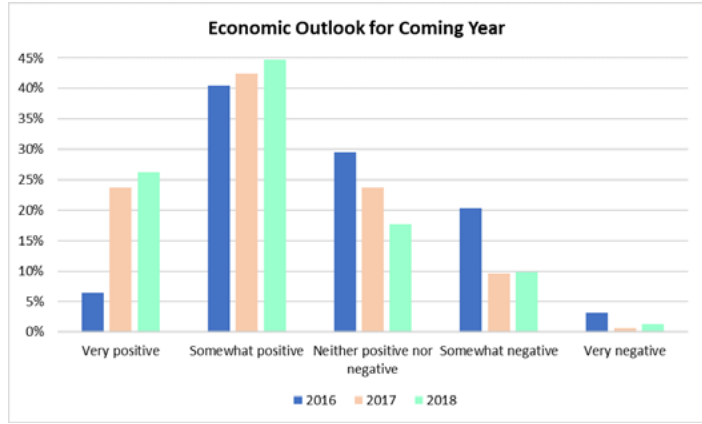
Survey participants were able to provide written input on why they viewed economic prospects one way or another. This was very revealing, as more than half of the inputs gave President Trump or the policies of his administration (including tariffs) as the primary reason for their economic outlook. These two related categories lead in every category of optimism, neutrality or pessimism. It was amusing to note that some employed colorful terms in this area to express either their approval or disapproval.

Other factors that were listed by at least 10% of participants were: Demand visibility, Product / Technology advances, and Company performance. The summary view of the written responses of reasons for economic expectations is shown in *Fig. 2*.

In a related area, those expressing concern regarding government regulation/legislative issues jumped from roughly 53% in 2017 to greater than 70% in 2018 (*Fig. 3*). Given the notable developments this past year, particularly in trade policy, this result is not surprising. *Figure 4* shows the reasons given by respondents for their growing concern, with “Counterfeit electronic components regulations and standards” chosen as the leading concern with over 55% selecting this category.

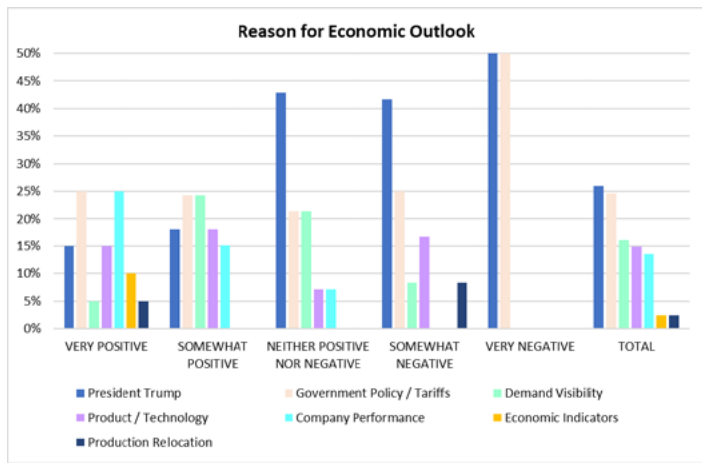
However, the jump in those selecting “Other” stands out, as this category grew from roughly 19% in 2017 to exceed 32% in 2018. While, the survey did not allow participants to provide input on what concerns they had in the “Other” category it is reasonable to assume that the issue of tariffs was a likely factor in the selection of “Other.”

Figure 1



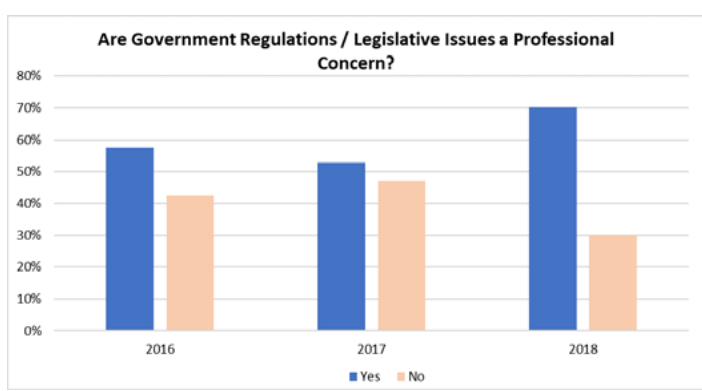
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 2



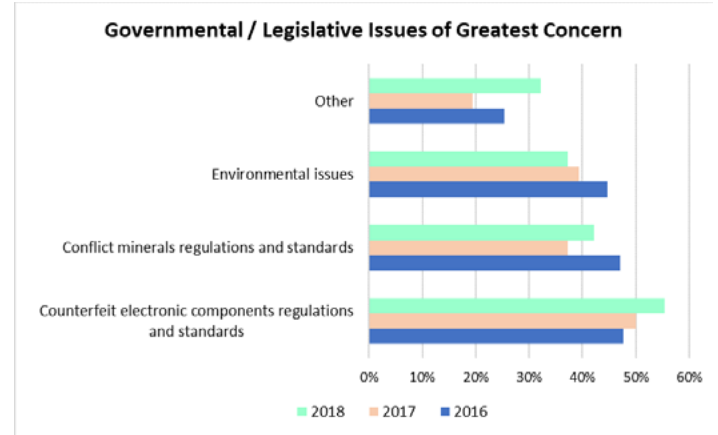
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 3



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 4

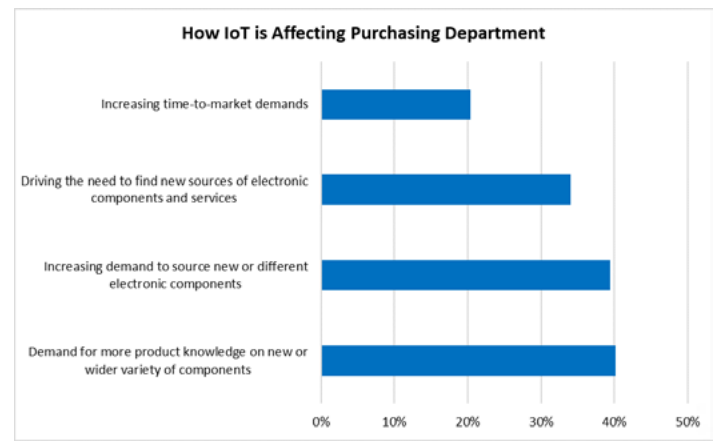


Source: SourceToday 2018 Salary and Career Trends Survey

## IoT Technology a Major Force in Shaping Procurement Activity and Productivity

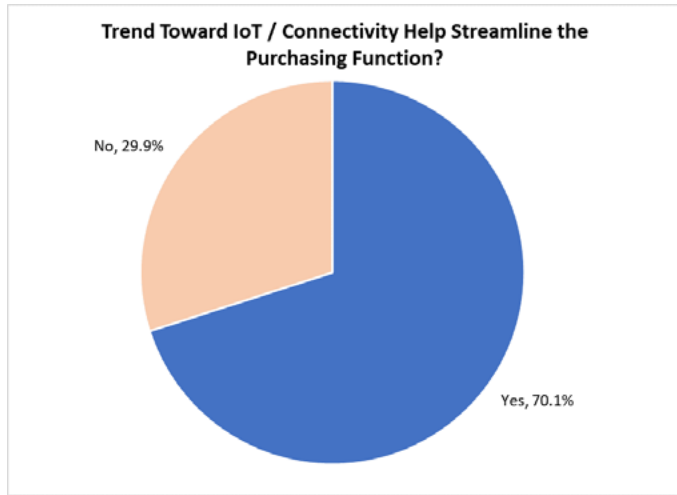
Figure 5 shows the broad influence of IoT technology in the area of procurement, with survey inputs showing the impact ranging across major areas of procurement performance and demands. The impact of IoT is viewed favorably as shown in Fig. 6 with more than 70% supporting the statement that, “IoT and greater connectivity in general will help streamline the purchasing function.” Figure 7 shows that 70% also believe that the primary way IoT will help procurement is by “Increasing communication/connectivity across the supply chain.”

Figure 5



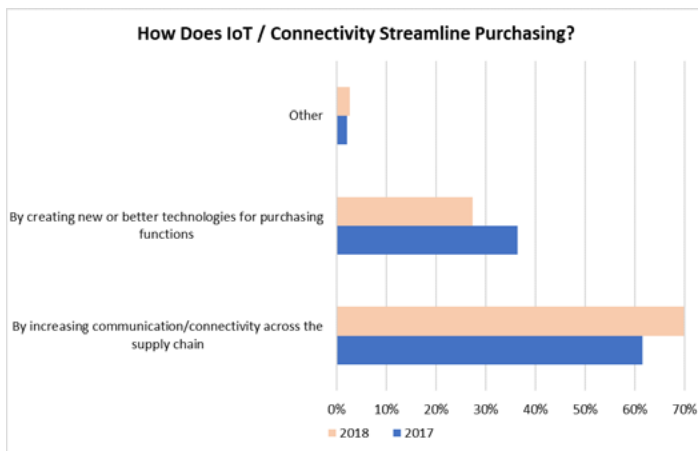
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 6



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 7



Source: SourceToday 2018 Salary and Career Trends Survey

## Mobile Devices and Social Media Become Central to Work of Procurement Professionals

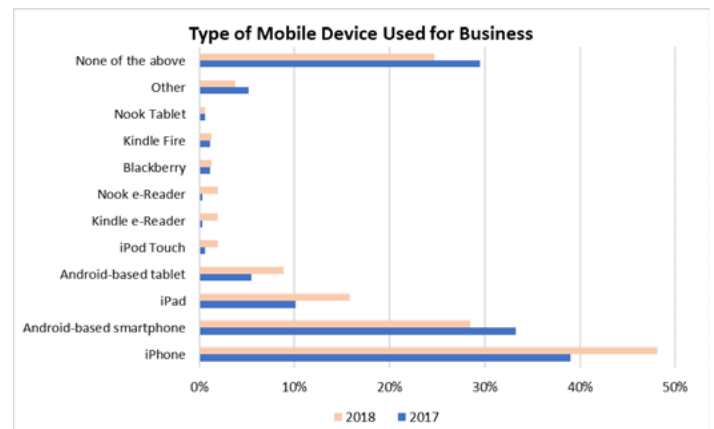
The pervasive use of mobile devices by procurement professionals is shown in Fig. 8, as greater than 75% of survey participants note that they use some type of mobile device for business. The reach of Apple-based platforms, including the iPhone, iPad, and iPod Touch, expanded significantly in 2018. Nearly half of participants now use an iPhone for business. iPad users jumped by 50%, with more than 15% of respondents noting their use of an iPad.

In a somewhat surprising result, the number of participants indicating they use Android-based smartphones fell from 33.2% to 28.5%. The reason for this decline is unclear, as use of Android-based tablets grew year-to-year. Nook and Kindle e-Readers achieved noticeable usage in 2018. Among those selecting “Other,” the platform listed was a laptop computer in almost every case. Figure 9 shows that more than half increased their usage of a mobile device over the prior year.

The influence of social media continues to expand across all platforms, as shown in Fig. 10. The number of survey participants stating that they do not participate in social media of any kind for business fell from around 26% in 2017 to less than 16% in 2018. LinkedIn has achieved a prominent position among procurement professionals, as those engaged on LinkedIn grew from 58% in 2017 to 72% in 2018.

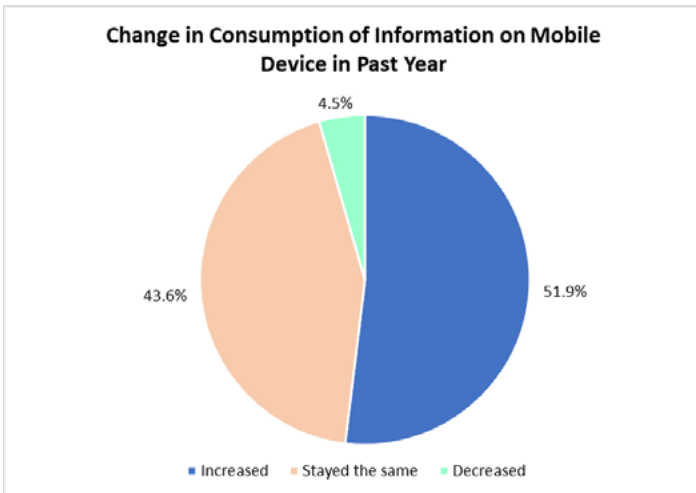
All social media platforms saw increased usage, with participation on Google+ and a professional’s own company website growing by 8% year-to-year. Figure 11 shows that more than a third of participants increased their participation in social media during the past year.

Figure 8



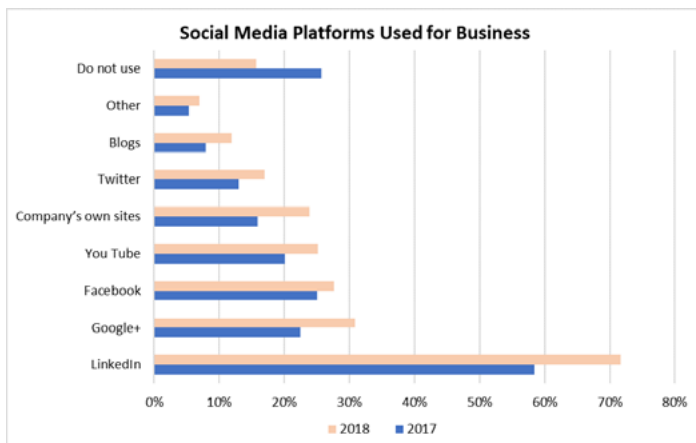
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 9



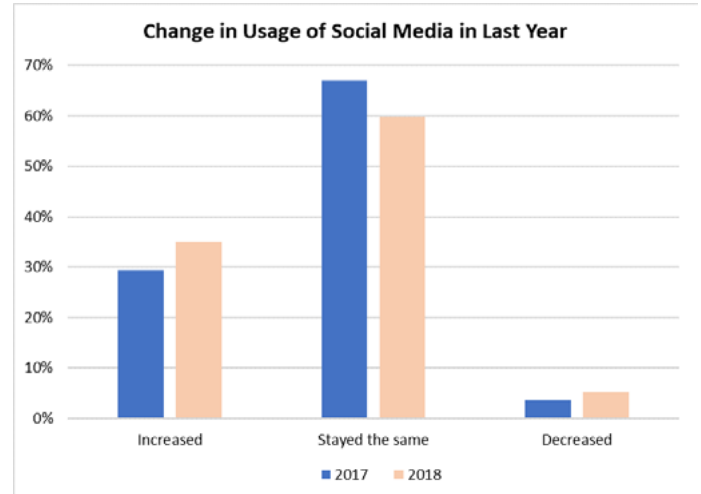
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 10



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 11



Source: SourceToday 2018 Salary and Career Trends Survey

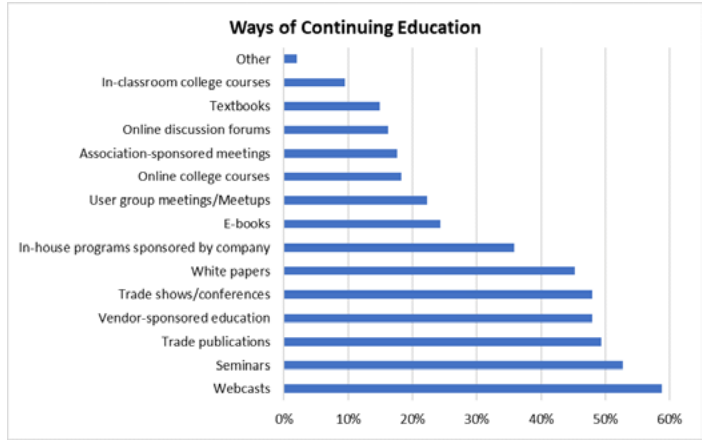
## Procurement Professionals Pursue a Wide Range of Continuing Education Opportunities

The results shown in *Fig. 12* show that procurement professionals take advantage of a wide range of opportunities to pursue ongoing education. Webcasts are the most popular educational avenue, with nearly 60% taking advantage of these presentations. Seminars were also reported to be used by more than half of participants in their educational efforts.

While there are a large number of free educational options, the data shown in *Fig. 13* indicates solid support by companies to reimburse expenses for education. The most common reimbursement is for trade shows/conferences and seminars. In addition, more than 40% reported support for college tuition reimbursement. Less than 30% indicated no employer support for educational costs.

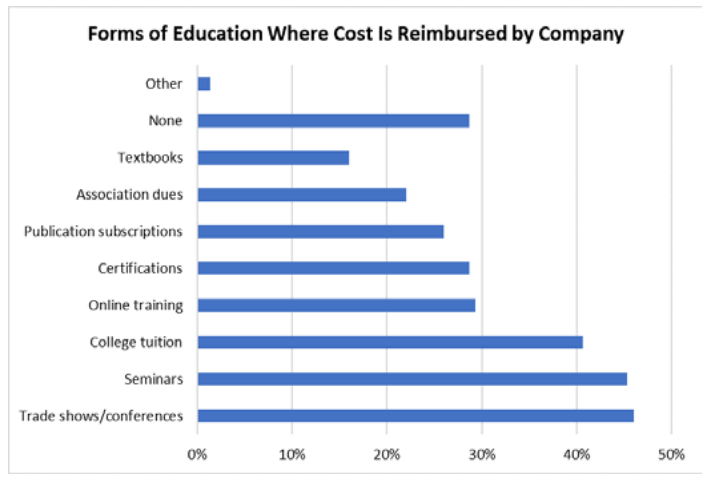
The greatest hurdles to education appear to be on a personal level, as *Fig. 14* reports more than 60% sharing work-life balance challenges as the biggest challenge in educational pursuits. The sheer volume of available information can also be overwhelming, with 56% reporting this as a challenge.

Figure 12



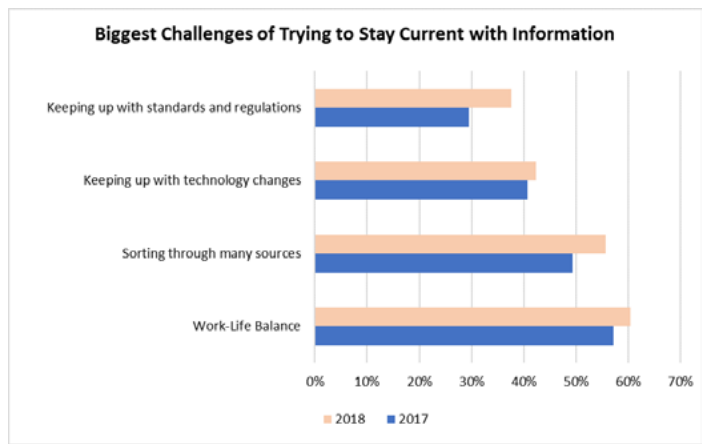
Source: SourceToday 2018 Salary and Career Trends Survey

Figure 13



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 14

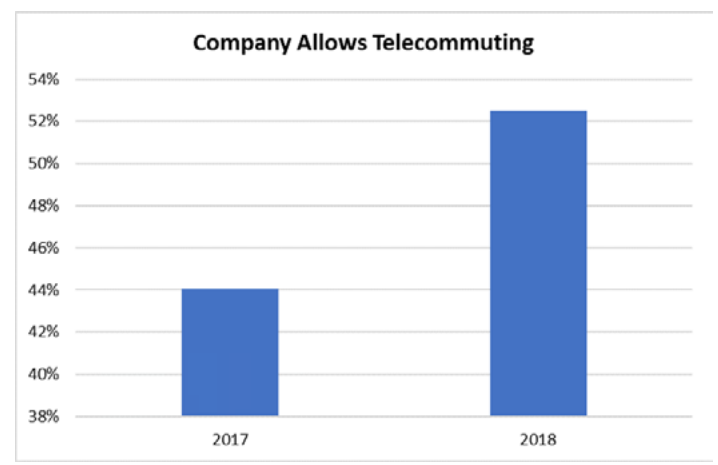


Source: SourceToday 2018 Salary and Career Trends Survey

## Telecommuting Support Employers Tops 50%

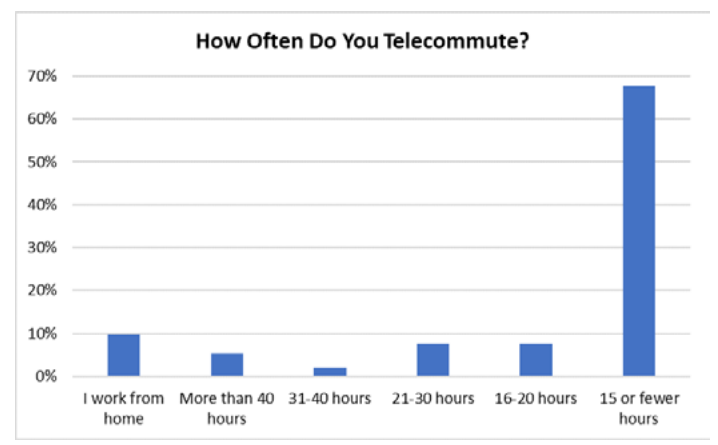
The number of employers supporting telecommuting options grew from 44% in 2017 to 53% in 2018, according to survey results reported in Fig. 15. However, it appears that telecommuting is primarily used to provide flexibility to professionals as more than two-thirds indicate they telecommute 15 or fewer hours per week (Fig. 16). Those working from home or working at home more than 40 hours in a week account for 15% of survey participants.

Figure 15



Source: SourceToday 2018 Salary and Career Trends Survey

Figure 16



Source: SourceToday 2018 Salary and Career Trends Survey

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