



For Buyers, Earning Means Learning in 2015

- Salary Rankings Across the Profession
- IoT Places New Demands on Purchasing Department
- Would Buyers Recommend Purchasing as a Career Path?
- Benefits Remain a Key Concern in 2015
- Global Economy Calls for New Skills

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Editorial

NANCY K. FRIEDRICH

Content Director

nancy.friedrich@penton.com



How Do You Stack Up?

Welcome to this year's annual compensation survey. In surveying our audience across our family of brands, we found similar findings from *Electronic Design* to *Microwaves & RF*, *Hydraulics & Pneumatics*, and *Global Purchasing*. Among the major trends were more focus and interest on the Internet of Things (IoT) and Industrial Internet of Things (IIoT)/Industry 4.0. Engineers are increasingly working on products and solutions for the IoT, while they and procurement professionals and management are also looking at how the IoT will impact the way they do their jobs.

Job satisfaction is currently very high. Engineers, for example, feel well compensated for their work and are generally happy with their career paths. They also feel optimistic about the state of the engineering industry, although some concerns remain about the economy, outsourcing, and IoT adoption. Among our *Global Purchasing* and *Hydraulics & Pneumatics* audiences, for example, there is some concern over manufacturing jobs being minimized or even phased out with IoT adoption.

For engineers, one of the biggest challenges remains staying up to date on the latest technologies. To accomplish this goal, our audience cites many online resources, ranging from white papers and e-books to webcasts and videos. They of course contend with time-to-market challenges and other job pressures, but by and large, they get a lot of satisfaction from overcoming those challenges. Interestingly, when they need to take

a break and clear their heads, they most commonly shared that they go for a walk.

Across the industries we reach, more individuals are relying on smartphones to tie up business at the end of the day or prepare for what faces them in the morning. They also are paying more attention to social-media outlets like LinkedIn, Twitter, and Facebook. Some cite that they use Twitter (and Facebook, but to a lesser extent) to stay updated, while LinkedIn continues to reign as the career-networking resource.

What about the future? Across the board, we continue to see the majority of responses pointing to concern over the next generation. The consensus is that, despite today's efforts to bring more students into technology fields of study and careers, we're facing an engineering shortage. It follows that specialized areas, like the microwave and radio-frequency (RF) market, are facing an even bigger chasm as companies look to the next generation. Many of the people that laid the groundwork for today's technical breakthroughs have retired or are nearing retirement. While they brought in talent behind them, most do not think it is enough to bridge the gap.

Hopefully, all of today's technical-outreach efforts will increasingly produce interest from the next generation. In the meantime, don't forget to evangelize engineering and technology-related fields in your own circles. The majority of survey respondents said that they would recommend their professions, so why not start if you haven't already? And don't forget to take a deeper look at how people in your industry are compensated to see where you stand.

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VICTORIA FRAZA KICKHAM | Editor

GLOBAL PURCHASING'S 2015 SALARY and PROFILE SURVEY

For buyers, earning means learning in 2015.

Purchasing professionals expect a 2% pay increase in 2015 as the industry faces technology challenges that place new demands on the job.

The purchasing profession continues to feel the effects of the slow economic recovery, yet it remains a solid source of employment, according to the more than 700 purchasing professionals who took part in *Global Purchasing's* Annual Salary and Profile Survey this year. Pay increases are minimal—with most buyers expecting a 2% pay increase in 2015, yielding average annual compensation of about \$80,000. But the general professional outlook is good, as the majority of purchasing professionals say they are satisfied with their compensation level and that they would recommend purchasing as a career opportunity. The results are slightly lower than in last year's survey, when buyers reported average annual compensation of \$85,000 and an anticipated 2.4% raise, but still point to a largely satisfied lot of electronic component buyers.

"In my experience, [purchasing has] been a good way to learn more about the inner workings of a business," said one survey respondent. "The job overlaps operations and sales and even management ... which provides a great sense of how businesses work."

"The purchasing profession has evolved into one of the more complex and potentially rewarding high-tech careers today," said another respondent. "It can require a plethora of skills, including the ability to navigate potential pitfalls such as counterfeits, obsolescence, allocations, and excess. Ultimately, the successful purchasing professional will reap the rewards of their diligence and knowledge by steering their company and

their own career toward a clear and promising direction."

The purchasing department also is a place where employees never stop learning. In previous surveys, buyers have noted the daily challenges and formal continuing education opportunities the profession affords, a factor underscored this year by accelerating technology trends—particularly those fueled by the Internet of Things. Purchasing professionals say the IoT is shaping their profession in two key ways: first, by demanding broader product knowledge as they are required to source an even wider variety of parts and solutions, and second, by the potential to streamline the profession with more efficient tools and processes.

"[The IoT] is expanding the number of applications that contain electronic components," said one respondent, adding that it is also "increasing buyers' knowledge as they continue to shop for the best deal."

For others, the IoT is one more in a long line of technological changes that keeps purchasing professionals on their toes.

"This is an exciting and changing profession, especially because of new, emerging technologies," added another buyer.

"It is a challenging, ever-changing profession, with endless opportunity to learn," said another. "It is a constant learning profession that makes you want to always do your best."

Global Purchasing's 2015 Salary & Profile Survey polled more than 700 purchasing professionals over the summer, asking about compensation, workplace, and general economic trends. Download the full report here, and visit our resources page for a look at the 2014 survey.

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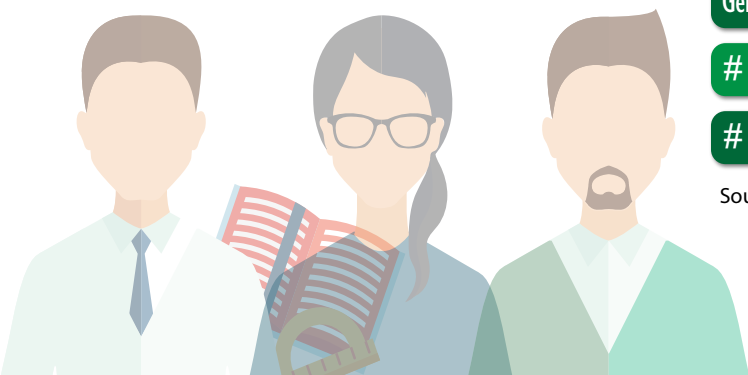


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The Typical Electronic Components Buyer

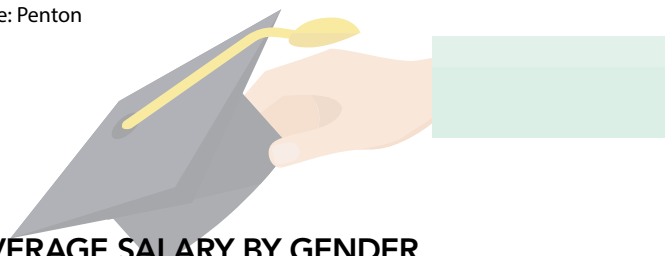
More than 700 purchasing professionals responded to *Global Purchasing's* 2015 Profile and Salary Survey. This year, most purchasing professionals report earning average total compensation of \$79,000, which includes a typical bonus of around \$4,000, and stock or stock options totaling roughly \$2,400. Our survey also reveals a maturing industry: 61% of respondents are 50 or older, 24% are between 40 and 49, and just 15% said they are between the ages of 25 and 40. The majority of respondents were men; the gender breakdown this year is 66% male to 34% female—a change from last year's survey, when men represented 72% of respondents and women were 28%.



PROFILE OF A TYPICAL PURCHASING PROFESSIONAL

Average Total Compensation:	\$79,000
Average Bonus:	\$4,000
Average Stock/Stock Options:	\$2,400
Average Pay Increase Over 2014:	2%
Education: Associates Degree or higher	73%
Average Age:	50
Gender: Male	66%
# of Years in Purchasing:	19
# of Years at Present Company:	15

Source: Penton



AVERAGE SALARY BY EXPERIENCE

Less than 15 Years' Experience:	\$70,000
15 or More Years' Experience:	\$88,000

Source: Penton

AVERAGE SALARY BY GENDER

Male:	\$89,000
Female:	\$62,000

Source: Penton

AVERAGE SALARY BY EDUCATION

No Higher Education Degree:	\$66,000
Bachelor's Degree:	\$75,000
Bachelor's Degree plus Graduate Certificate:	\$80,000
Master's Degree:	\$111,000

Source: Penton

Higher Education = Higher Pay

As in past surveys, purchasing pay levels are influenced by education and experience. The higher your degree, the more earning power you have. Purchasing professionals with a bachelor's degree or higher earn between \$75,000 and \$111,000 per year, while those with no higher education degree earn approximately \$66,000. The same goes for experience: Respondents with more than 15 years' experience on the job said they earn an average \$88,000, while those with less than 15 years' experience earn an average \$70,000. Gender factors in as well. Though men still dominate the electronics purchasing profession, the pay disparity between men and women is large: an average \$89,000 per year for men and \$62,000 per year for women.

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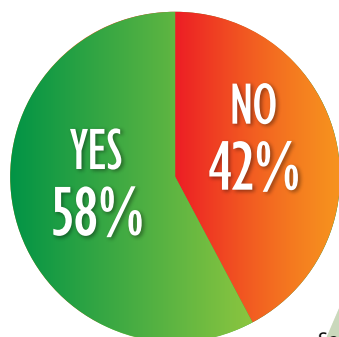




A Satisfied Lot

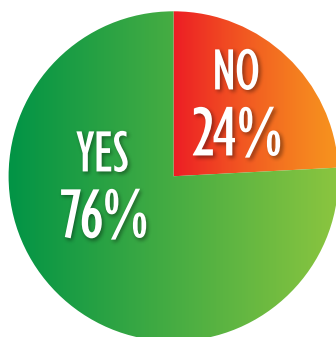
Most purchasing professionals surveyed agreed that they are adequately compensated for the work they do: 58% versus 42%. Of those who said they are not adequately compensated, most said they would need an average 16% increase to bring their pay to a fair level. The highest

DOES YOUR COMPANY ADEQUATELY COMPENSATE YOU FOR THE WORK YOU DO?



Source: Penton

IS YOUR COMPANY FUNDING PART OF YOUR RETIREMENT?

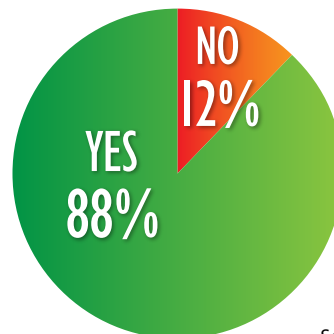


Source: Penton

Benefits: A Key Concern

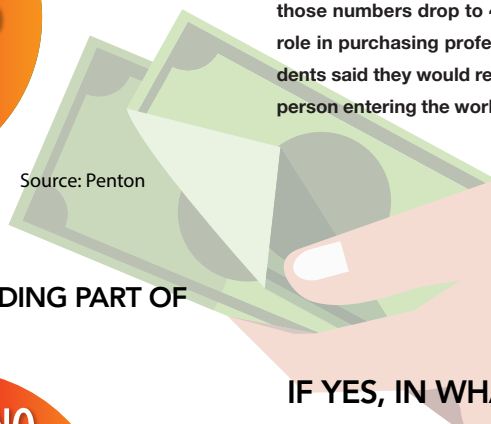
Purchasing professionals remain concerned about their benefits packages—particularly the rising cost and declining quality of their health-care plans. Figures on retirement planning remain largely unchanged from last year's survey, with 76% of respondents saying their companies are funding part of their retirement plans. The bulk of that funding comes in the form of 401k plans, as 78% said their employers provide such plans. Pension plans, bonuses, and profit sharing are other key ways purchasing managers are helping to fund their retirement.

WOULD YOU RECOMMEND PURCHASING/ PROCUREMENT TO A YOUNG PERSON ENTERING THE WORKFORCE?

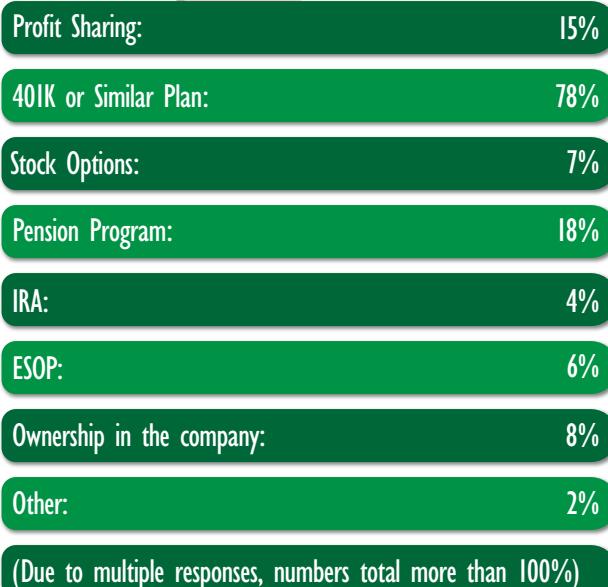


Source: Penton

earners are the most satisfied: Of those respondents earning \$80,000 a year or more, 78% said they are adequately compensated for their work versus 21% who said they are not; of those earning \$79,000 a year or less, those numbers drop to 44% versus 56%. These issues likely play a key role in purchasing professionals' view of their industry: 88% of respondents said they would recommend the purchasing profession to a young person entering the workforce and just 12% said they would not.



IF YES, IN WHAT WAYS?



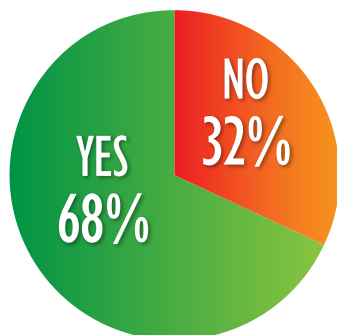
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DOES YOUR COMPANY OUTSOURCE ANY WORK?

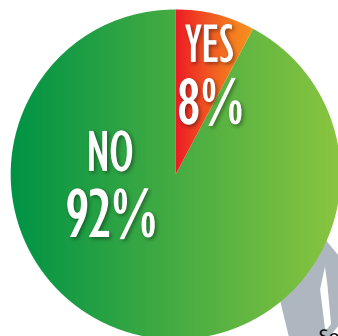


Source: Penton

Workforce Trends: Outsourcing

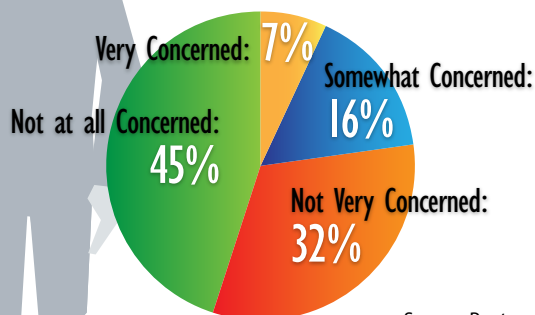
Outsourcing continues to be a trend among manufacturing organizations, with 68% of companies saying they outsource work to other locations or third parties. Buyers said their companies outsource all types of functions, including design services, manufacturing, and procurement. The latter issue is not a major concern to most purchasing professionals today—less than 20% said their companies outsource procurement and/or materials management activities to other countries or third parties, and 77% said they are not concerned about losing their job to outsourcing trends. What's more, when asked about future outsourcing trends, just 8% of respondents said they think their companies will do more outsourcing of all types of work in the future.

DOES YOUR COMPANY PLAN TO OUTSOURCE WORK IN THE FUTURE?



Source: Penton

ARE YOU CONCERNED THAT YOU WILL LOSE YOUR JOB DUE TO OUTSOURCING TRENDS?



Source: Penton

Resigned to Higher Health-Care Costs

Purchasing professionals continue to feel the effects of rising health-care costs. Most agree that the rising costs come with lesser coverage and say they expect the trend to continue. Comments from this year's survey respondents centered on health care when asked about key changes to their benefits packages:

- "Companies are shifting insurance costs more on the employee, with PPO plans and similar [programs]. These methods seem to be permanent."
- "Our health plan changed to enable us to more easily cover our

children, but the co-pay and deductible have risen. These are permanent changes."

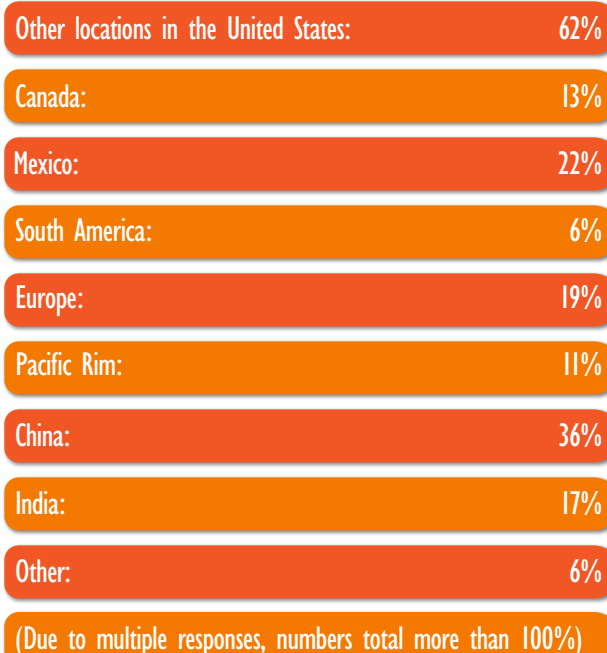
- "Health benefits have declined, with more base cost and higher deductibles."
- "Health-care costs continue to rise and we are asked to shoulder more of the cost of health care. This means that workers are experiencing a loss of buying power. Benefits have moved to high deductible plans just to offset the increase in premiums."
- "Higher costs for benefits have been passed to me—thanks to new health-care regulations mandated by the Federal government."

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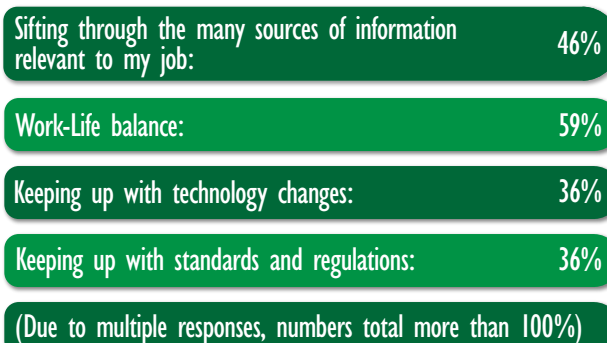


TO WHAT COUNTRIES DOES YOUR COMPANY OUTSOURCE WORK?



Source: Penton

WHAT ARE THE GREATEST CHALLENGES YOU FACE TRYING TO STAY CURRENT WITH INFORMATION RELATED TO YOUR WORK?



Source: Penton

WHAT TYPES OF WORK DOES YOUR COMPANY OUTSOURCE?



Source: Penton

Manufacturing, Design Services Lead the Way

Most purchasing professionals say manufacturing (77%) and design services (19%) are the key functions outsourced by their companies. Although companies outsource this work to many places, the majority is being outsourced to other places in the United States (62%) and/or to China (36%). Saving money is the key reason for the trend, and the majority of purchasing professionals agreed with that sentiment (60%). Larger companies are more likely to outsource these functions, with 74% of companies with \$100 million or more in annual revenue saying they outsource compared to 63% of companies with less than \$100 million in annual revenue.



Purchasing's Greatest Challenges

Although outsourcing and technology trends are placing some of the greatest demands on purchasing professionals today, a host of other challenges are shaping the profession as well. For instance, buyers continue to struggle to find a work-life balance as the lines blur between business and personal life. Nearly 60% of respondents listed work-life balance as their biggest professional challenge.

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DOES YOUR COMPANY PLAN TO HIRE BILINGUAL PURCHASING PROFESSIONALS DUE TO OUTSOURCING TRENDS?

Yes: 22%

No: 78%

Source: Penton

HAS YOUR COMPANY HIRED BILINGUAL PURCHASING MANAGERS WITHIN THE LAST 10 YEARS DUE TO OUTSOURCING TRENDS?

Yes: 31%

No: 69%

Source: Penton

HAS YOUR COMPANY ELIMINATED JOBS IN THE PURCHASING DEPARTMENT IN THE UNITED STATES DUE TO OUTSOURCING PROCUREMENT DUTIES?

Yes: 9%

No: 72%

Not Sure: 19%

Source: Penton

Social Media Trends

Buyers use a variety of social-media platforms for business, but by far the most popular is LinkedIn; 64% of respondents said they used LinkedIn regularly. Facebook and Google are distant seconds, at 24%, followed by their companies' own social-media programs (23%). Interestingly, 22% of respondents say they do not use social media for business at all.

Global Economy, New Skills

We asked purchasing professionals this year if their companies are hiring bilingual purchasing managers as a result of the outsourcing trend. Thirty-one percent said their companies have hired bilingual purchasing managers, and 22% said their companies plan to do so in the future. We also asked about the effect of the outsourcing trend on U.S.-based purchasing departments in particular; 72% of respondents said the trend has not resulted in layoffs or downsizing in their departments.



WHICH OF THE FOLLOWING SOCIAL MEDIA PLATFORMS DO YOU USE FOR WORK?

LinkedIn: 64%

Facebook: 24%

Twitter: 14%

My company's own social media sites: 23%

Google+: 24%

Blogs: 9%

YouTube: 18%

Other: 4%

I do not use social media: 22%

(Due to multiple responses, numbers total more than 100%)

Source: Penton

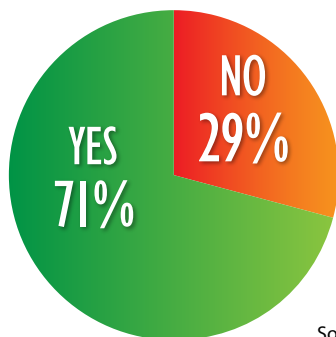
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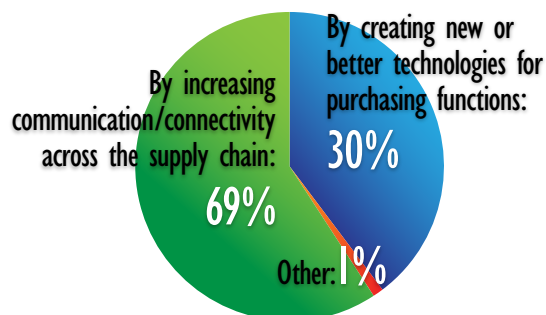


DO YOU THINK THE TREND TOWARD IOT WILL HELP STREAMLINE THE PURCHASING FUNCTION?



Source: Penton

IF YES, HOW?



Source: Penton

Industry Trends: IoT

The Internet of Things is placing new demands on professionals throughout the supply chain, and buyers are no exception. This year, we asked buyers to weigh in on how it is affecting them, and they cited two important examples:

First, buyers said growing demand for IoT products and applications is placing greater emphasis on their own product knowledge. The need to source a wider variety of products means they must get up-to-speed on new or different components than they are accustomed to purchasing. Nearly 40% of respondents cited the need for new product knowledge.

Second, buyers said the IoT trend will affect their profession directly by streamlining the purchasing function. Down the road, they said they expect the trend to increase communication and connectivity across the supply chain. More than 70% of respondents said they expect IoT trends to streamline the purchasing function.

HOW IS THE IoT AFFECTING THE PURCHASING DEPARTMENT?

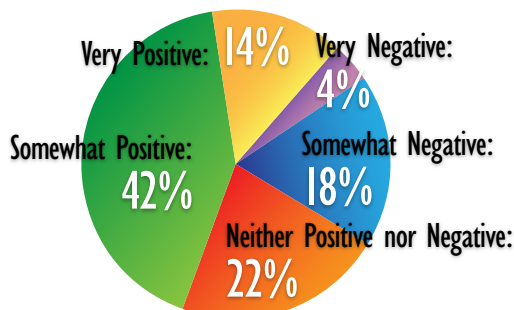


Source: Penton

Economic Outlook

Each year, we ask buyers to weigh in on the general economic outlook worldwide. The majority of respondents said they are upbeat about the economy, with 56% saying they are either very positive or somewhat positive about the global economic outlook. Just 22% have a negative outlook, and another 22% said they are neutral on the economic outlook for the next year.

WHAT IS YOUR GENERAL OUTLOOK ON THE ECONOMY FOR THE COMING YEAR?



Source: Penton

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