



25TH ANNUAL SALARY SURVEY SWIMMING AGAIN

BY JEFF BERMAN, GROUP NEWS EDITOR

Logistics professionals are making progress on salary growth despite being battered by consistent waves of bad economic news.

NOT THE TIDE

For three years straight *Logistics Management's* (LM) annual Salary Survey revealed that the median salary of logistics professionals had leveled off at \$80,000. It's worth noting that while the economy was not stellar during this period, it was far healthier than what we're experiencing in 2009.

Today we're being served up a veritable smorgasbord of bad news ranging from widespread layoffs, ongoing housing and automotive slumps, a paralyzing credit crunch, and a consumer spending slowdown that has put many retailers out of business and altered supply chain operations for companies of all sizes.

Yet, amid all this doom and gloom, we're happy to report that we can expose a sliver of light emanating from the findings of our 25th Annual Salary Survey. According to this year's results, it's evident that U.S. business is beginning to place more value on logistics and supply chain talent. In fact, the median salary for logistics professionals is up for the first time in four years, ringing in at \$85,000. LM uses the median salary for what we deem the most notable annual figure, as it's the "mid-point" used when extreme highs and extreme lows skew the average.

Of course, given the current state of business affairs, that figure may come as a surprise to many. However, once you dig a little deeper into the data you can surmise that the uptick in salary may be directly linked to the passion logistics managers have for their work—and in turn, the bottom line benefit their passion is yielding.

This year, 60 percent of the

respondents told us that they're quite satisfied with their careers in logistics and supply chain due mainly to things like a "feeling of accomplishment" (69 percent), "relations with colleagues" and "salary" (both 50 percent), "advancement opportunities" (36 percent), and perhaps the most important of all, logistics professionals say they like working in a "challenging environment" in which most days are unlike.

And while you may feel as if you're swimming against the tide in these troubled times, our findings prove that this passion, along with the ability to manage multiple tasks and make quick decisions on the fly, are all attributes that the corner office is noticing—and appreciating.

FROM THE TOP

Data for LM's 25th Salary Survey is based on feedback from 1,219 respondents. The survey was conducted via e-mail during December 2008. More than 400 respondents—or 35 percent—participated in last year's survey; but despite the level of respondent turnover, the typical profile remains somewhat steady year after year.

This year's average respondent is a 46-year-old college-educated male. In fact, 85 percent of respondents are male and 92 percent tell us they've attended college. The average age of our female respondents was also 46. The typical respondent has spent 6.74 years with his current employer—up slightly from last year's 6.4 years—and has been in his current position for 5.1 years, up from last year's 4.8. Average length of work experience this year was 17

Figure 1

Pay ticks up in '08

Median salaries over the past 14 years. For the first time since 2003, salary is on the up and up.

2008	\$85,000	5.9%
2007	\$80,000	0%
2006	\$80,000	0%
2005	\$80,000	-4.5%
2004	\$83,790	6.6%
2003	\$78,600	1.0%
2002	\$77,700	2.2%
2001	\$76,000	7.0%
2000	\$71,000	3.3%
1999	\$68,700	3.1%
1998	\$66,600	10.1%
1997	\$60,458	5.0%
1996	\$57,536	6.1%
1995	\$54,218	2.4%



Median salary

% Percentage change from previous year

Figure 2

Heavyweight Titles

Once again, a heavier title means a fatter paycheck.

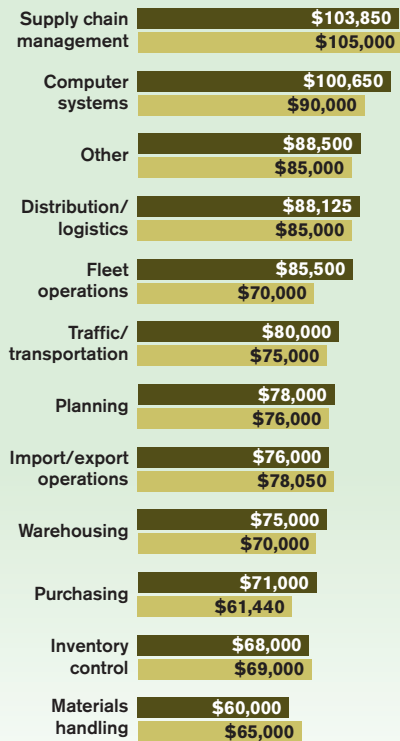
Vice president/ general manager	\$150,000	\$134,000
Corporate/ division manager	\$120,000	\$115,000
Supply chain manager	\$97,500	\$93,500
Logistics manager	\$81,500	\$78,050
Operations manager	\$75,000	\$72,500
Traffic manager	\$71,500	\$65,000
Warehouse manager/ supervisor	\$62,450	\$65,000
Assistant traffic management/ supervisor	\$50,000	\$48,000

■ Average salary 2008 ■ Average salary 2007

Figure 3

More Functions = More Pay

Multifaceted positions that entail many functions paid best last year.

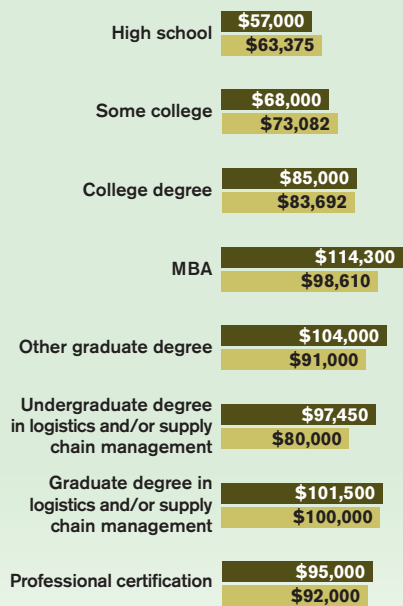


■ Average salary 2008 ■ Average salary 2007

Figure 4

Education = \$\$

Graduate degrees, MBAs and supply chain- and logistics-specific education mean higher overall earnings.



■ Average salary 2008 ■ Average salary 2007

Figure 5

Gender Gap Still Exists

The difference between average salaries for men and women was \$18,115 in 2008.

Men		Women
\$88,000	Average salary	\$69,885
46.6	Average age	45.7
17.2	Average years of work experience	14.2
6.8	Average years with company	6.4
8.6	Average number of direct reports	6.0

Figure 6

Spend More to Make More

Companies that spent more than \$100 million on transportation last year paid their executives accordingly.

Annual transportation expenditure	Average salary
Less than \$500,000	\$58,000
\$500,000 to \$999,000	\$65,000
\$1 to \$6 million	\$76,000
\$7 to \$20 million	\$85,325
\$21 to \$100 million	\$99,900
\$101 to \$500 million	\$110,000
\$501 million to \$1 billion	\$99,500
More than \$1 billion	\$100,000

years, up from 15 years last year.

One quick takeaway from the above data is that the overall logistics workplace is becoming a little more mature, which may explain why salaries are up for the first time in four years. But if that's the case, it is likely temporary, according to Jim Rohan, senior partner at JP Canon Associates, a supply chain executive search firm in Manhattan.

"This trend will not continue," says Rohan. "In a year, salaries will either be noticeably down or flat. More companies are implementing wage freezes as a type of 'pain sharing' to go along with the former good times of 'gain sharing' across multiple industries," he adds. But even if this year's reported salary gains are, in fact, fleeting, Rohan notes that the logistics professional's role will continue to gain value in the eyes of top management as supply chains get longer—or shorter—and demand more

sophistication.

While the median salary was up \$5,000 this year, the median raise was 3.38 percent, just shy of last year's 3.6 percent. Average raises, however, were more in line with previous years. Seven percent of respondents reported receiving a raise of 2 percent or less, while 47 percent reported a 2 percent to 4 percent hike—matching last year's result for this range. Fourteen percent said their pay went up 5 percent to 7 percent, 6 percent claim an 8 percent to 10 percent gain, and a fortunate 4 percent exceeded expectations with an 11 to 20 percent hike. Finally, two percent saw their pay go through the roof with a 20 percent or more pay uptick.

With the economy still in decline, and companies on high cost-cutting alert, Rohan says it would not be surprising to see the 47 percent of respondents with a 2 percent to 4 percent

raise see their pay drop down into the 1 to 3 percent range a year from now.

HEY, WHAT'S YOUR TITLE?

You know the old saying: The fancier your title the more you earn. Well, this year's data certainly validates that in the logistics and supply chain field.

As usual, vice presidents and general managers—10 percent of survey respondents—were at the top with an average salary of \$150,000 for 2008, a 12 percent gain from last year's \$134,000. Next were corporate and division managers, representing 8 percent of respondents, at \$120,000, or a 4 percent raise from 2007's \$115,000. And logistics managers, the largest group in the survey, earned \$81,500 on average, topping 2007's \$78,050 by nearly 4.5 percent.

Aside from your title, what you actually do in terms of job function has a

Figure 7

You Are What You Make (or Do)

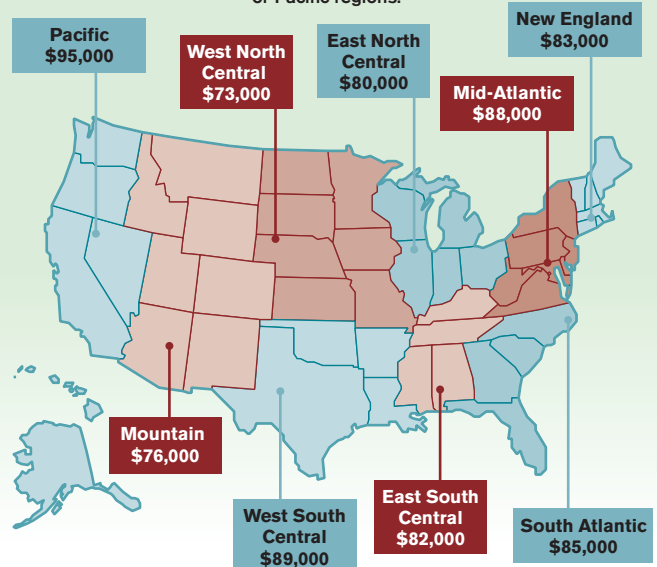
As always, your product or service plays a large role in your bottom line.

Computers/electronics	\$115,000
Retail	\$96,000
Chemical	\$95,000
Fabricated metals	\$91,500
Food and beverage	\$90,000
Third-party logistics	\$88,500
Textiles and apparel	\$84,849
Paper and printing	\$80,000
Automotive	\$80,000
Other manufacturing	\$79,000
Transportation/warehousing services	\$78,000
Wholesale trade	\$75,500
Industrial machinery	\$75,000
Plastics and rubber	\$73,000

Figure 8

Where you live

If you want to make a few more bucks, you might want to look at positions posted in the Mid-Atlantic, West South Central, or Pacific regions.



direct influence on what you make. Respondents with supply chain management as their main job function earned an average salary of \$100,650, that's a sharp drop from 2007's \$105,000. However, logistics professionals charged with "computer systems" check in with an average salary of \$100,650, an 11 percent improvement over 2007 and putting it back on track with 2006's \$110,000 average. Meanwhile, average salaries for more narrowly-defined, operations-oriented job functions such as purchasing, materials handling, warehousing, fleet operations, and traffic/transportation ranged from \$61,440 to \$75,000.

EDUCATION = \$\$

It shouldn't come as a surprise that the level of education you achieve coupled with the experience you have under your belt will influence your paycheck. However, this year we saw dips and hikes across the broad educational spectrum.

Respondents with a high school diploma earned an average of \$57,000 last year, that's actually an 11 percent decrease from 2007. And those with some college experience took home an average of \$68,000, a roughly 7 percent

dip from \$73,082 in 2007. Those with a bachelor's degree earned an average of \$85,000, up nearly 1.5 percent from 2007's \$83,692. The average salary for respondents with an MBA rebounded nicely from 2007's \$98,610, shooting up almost 16 percent to \$114,300. Interestingly enough, we wondered aloud last year if going for your MBA was actually worth the effort. Well, this year we stand corrected.

An education path gaining traction in recent years is supply chain- and logistics-specific education; and, once again, it presented some interesting Salary Survey data. Respondents with an undergraduate degree in logistics or supply chain management earned an average salary of \$97,450, a whopping increase over 2007's \$80,000 for this category.

To add to this trend, a logistics or supply chain management graduate degree resulted in an average salary of \$101,500, a 1.5 percent bump from 2007's \$100,000 average. A year ago it looked like MBAs and supply chain and logistics graduate degrees were on equal footing, but it now appears MBAs are leading the way when it comes to pay. Another area, professional certification like those offered by AST&L or APICS,

were up 3 percent at \$95,000 this year compared to \$92,000 in 2007.

"Education is making a difference," says David Thomas, an executive recruiter at North American Findings Ltd., a Toronto-based logistics industry search firm. "Industry-specific degrees are being sought more by employers than they were in the past. The ones that have elevated themselves beyond the median salary are those with a higher education level, and it shows in this year's data," he adds.

WHO, WHAT, AND WHERE

As in any field, the longer you stick with something the better you will be paid. Respondents with one to 10 years of experience earned an average salary of \$68,000, while those with 11 to 15 years of experience earned an average of \$90,000. Average salaries leveled out somewhat at the 16- to 20- and 21- to 25-year experience levels at \$88,000 and \$90,000, respectively. Those with 26 to 30 years averaged \$95,000.

As in past years, the respondent pool was male dominated at 85 percent. That said, male respondents averaged \$88,000 while female respondents came in at \$69,885. This \$18,115 difference was less than 2007's \$18,882

gap and down considerably from 2006's \$21,385 difference from 2005's survey. This year's average male had 17.2 years of logistics experience compared to 14.2 for women, and men had more direct reports at 8.7 compared to 6.0 for women.

Typically, one of the more consistent annual findings is the correlation of average salary to a company's annual transportation budget. Those at companies with annual transportation budgets of \$101 million or more reported an average salary of \$103,167, while those at companies spending \$100 million or less averaged \$76,845.

As usual, we broke down salaries based on specific industries. Logisticians in the computer and electronics sector outpaced all respondents at \$115,000. The retail and chemical industries were neck and neck at \$96,000 and \$95,000, respectively.

Not surprisingly, where in the U.S. you ply your trade has a noticeable impact on your wages. The Pacific region led the way this year at \$95,000 (noticeably higher than last year's \$86,000 average), followed by West South Central at \$89,000. The Mid-Atlantic region placed third at \$88,000. South Atlantic, New England, East South Central, East North Central, Mountain, and West North Central rounded out the pack with salaries ranging from \$73,000 to \$85,000.

AN UNCERTAIN FUTURE

At a time when the economy and job security are very fragile, it was encouraging to see salaries, for the most part, pointing in the right direction this year. Companies are continually being forced to do more with less, and one could make the argument that supply chain professionals are writing the playbook on that very topic.

The importance of the logistics and supply chain professional to a company's overall operations will only become more relevant as companies navigate their way through tumultuous times. With so many things uncertain in today's climate, supply chain and logistics professionals figure to be at the forefront when the economy bounces back and commerce gets back to full speed. **L**

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