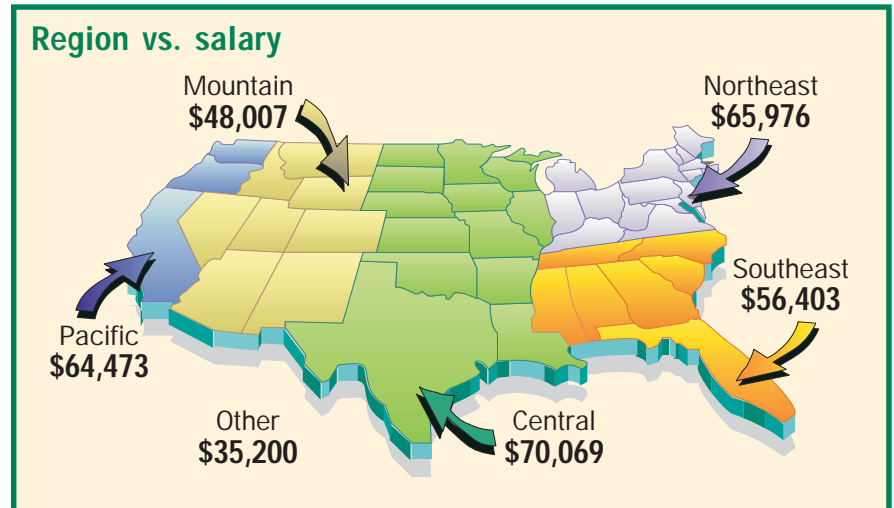


# 2003 HPN salary survey: Materials management salaries on the rise

by Curt Werner

If you are a materials management professional and you are a male with a post-graduate degree, work as a vice president or corporate vice president or director of materials in an urban hospital or an integrated delivery network – preferably a large one – then congratulations: In terms of salary at least, you have arrived at the very top of the materials management food chain.

According to the exclusive *Healthcare Purchasing News* 2003 survey of materials management salaries, the highest-paid materials managers earn more than \$100,000. Unfortunately for the masses, only a minority of materials managers have attained that salary zenith. The real news is that the average salary of all materials managers who participated in this year's survey rose to \$64,556 compared with \$57,664 in 2002, a 10.7 percent increase. This year, 331 men and women responded to the unscientific survey, which was delivered via e-mail in early June. Nearly two-thirds (65 percent) say their title is director of materials management, while 20 percent have assistant preceding that designation. Only eight percent report they are in the corporate/vice president of materials category. In addition, 53 percent of those who responded to the survey say they work in a hospital that is part of an integrated delivery network, up 9.6 percent from those who said they work in



an IDN last year. Plus, those who work in a government-owned facility report the highest average salaries (\$60,457), followed by not-for-profits (\$59,556) and trailed by the for-profit segment with a \$51,968 average. It should be pointed out, however, that only 4 percent of respondents work in government-owned medical facilities.

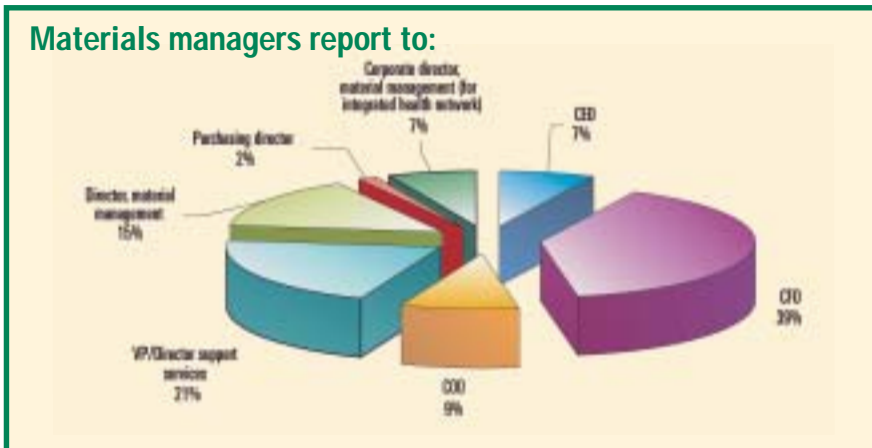
A full 83 percent of materials managers who participated in the *HPN* survey this year said they received a pay raise in 2003, happier people undoubtedly than the 17 percent who took home the same salary this year as last. However, only 32 percent of respondents say they expect

to receive a bonus or other financial incentive this year, slightly more than the 28 percent who received a boost in 2002. The average bonus in 2003 was \$4,705.

An interesting and somewhat surprising finding is that most of the highest paid materials management professionals work in the Midwest, a finding that is something of a turnaround from last year. Regionally, the average salary of materials managers in the central states came in at \$70,069, followed by those in the northeast, who take home an average salary of \$65,976. The lowest pay was found in the Mountain states (albeit the region with the smallest sample) with a \$48,007 average. In 2002, materials managers in the Pacific states earned the most (\$68,304) followed by materials managers in the Northeast (\$59,421). Those in the central states earned \$55,917 in 2002. Some of that change could be traced to the fact that the single fattest 2003 paycheck can be found in the envelope of a materials manager in Nebraska (\$167,500), with the runner-up working at a hospital in Rhode Island (\$129,500).

Big city materials managers earned the most, with an average of \$73,928, followed by suburbans at \$68,713 and rural managers at an average of \$52,927. Those pay rates also correspond to the size of

## Materials managers report to:

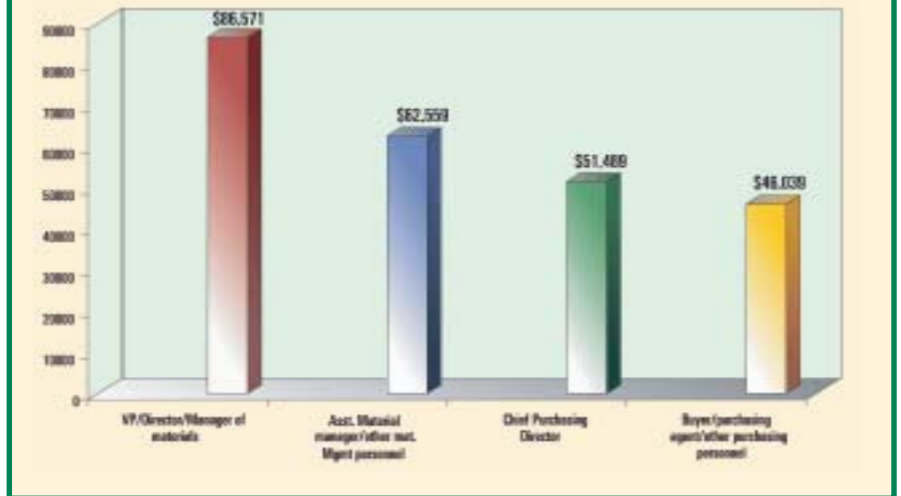


the hospital, with urban institutions averaging 580 licensed beds, suburban hospitals 466 and rural facilities 149 beds.

Glass ceiling? An argument could be made that gender equality in pay still lags in hospital materials management, just as it does in most professions and in many industries. In the 2003 salary survey, men averaged \$69,585 while women averaged just \$54,806, a \$14,779 difference. The good news is that the gap has narrowed. In 2002, the profession's men earned an average of \$64,852 and their female counterparts just \$47,282, a spread of \$17,570.

Not surprisingly, experience counts in materials management. Those with more than 21 years' experience in the industry reported an average salary of \$72,551, the top pay in the category. Materials managers with 16 to 20 years in the business trailed closely behind at \$72,171. Both groups showed pay jumps in 2003, perhaps as hospital administrators began to more closely evaluate, appreciate, then reward those who use

### Salary vs. job function



their experience to contribute the most. But so-called "entry-level" materials managers don't do too badly either. The 65 managers who responded to the survey and said they have less than five

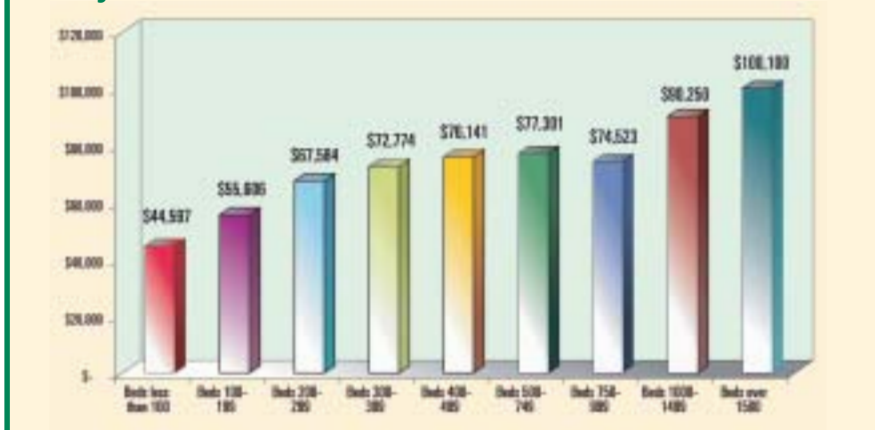
years in the profession still average \$54,255, up from \$52,445 in 2002. However, it's the newcomers who populate most of the materials management chairs these days. Forty-one percent of respondents said they have worked at their current facility for three years or less. At the other end of the spectrum, just 10 percent of the respondents said they have worked at their current hospital 25 years or more. Both sets of figures were about the same in 2003 as they were in 2002.

### Non-salary issues

Not every query that appeared on the 2003 salary survey involved dollars and cents. A few associated issues were raised as well. Among them, by and large, materials managers are feeling wanted by their hospitals. In fact, more wanted and secure than last year. A full 92 percent of all respondents said they feel either "very secure" or "somewhat secure" about their jobs in 2003. That warm, fuzzy feeling compares most favorably with the result of the same question asked in 2002 when just 76 percent felt good about their work situation.

There appears to be an increase in the overall number of materials managers who report to their hospital's chief financial officer. This year, 40 percent said they reported to the CFO compared with 32 percent in 2002. The CFO was again far and away the most common superior report. Vice president/director of support services was next with 21 percent, up from 14 percent last year.

### Salary vs. number of beds



### Salary vs. years of experience



See SALARY SURVEY on page 14

### Materials Management Purchasing Indicators

#### Which functions report directly to the materials management department in your hospital(s) ?

Sterile processing .....	28.1%
Receiving .....	93.1%
Distribution .....	90.6%
Pharmacy .....	1.2%
Print Shop .....	55.9%
Environmental Services .....	4.8%
LAB .....	2.4%
Purchasing .....	91.2%
Storeroom .....	91.5%
Laundry .....	25.7%
Central transport (e.g., patients, materials, lab specimens) .....	23.3%
Housekeeping .....	4.8%
Patient transport only .....	9.7%
Non-patient transport only .....	19.0%
Mailroom .....	57.7%
Other .....	11.5%

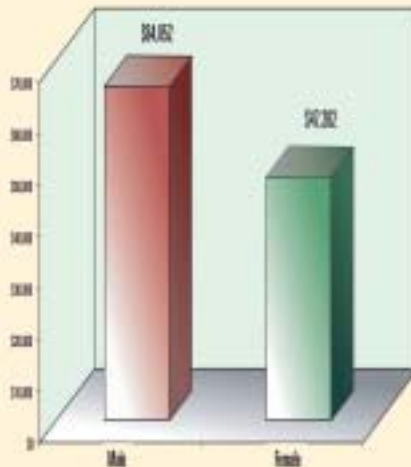
#### Please indicate the product areas for which supplies are purchased by your department

OR supplies/equip .....	93.4%
Med/surg supplies .....	95.5%
Medical capital equipment .....	90.6%
Nonmedical capital equipment .....	87.3%
Pharmaceuticals .....	8.5%
X-ray film and related supplies .....	82.5%
Plant operations/maintenance supplies .....	68.0%
Lab equipment and related supplies .....	80.1%
Food .....	12.1%
Nonfood dietary supplies .....	54.1%
Office supplies and forms .....	90.6%
Housekeeping supplies .....	81.6%
Other .....	2.4%

#### Please indicate the areas for which your department directly manages inventory

Storeroom .....	90.0%
Nursing floors .....	75.8%
Operating room .....	50.5%
Emergency room .....	60.7%
Cath lab .....	22.1%
Laboratory .....	15.1%
Radiology .....	24.8%
Dietary .....	4.8%
Biomed .....	5.4%
Plant operations/maintenance ...	5.4%

### Salary vs. gender

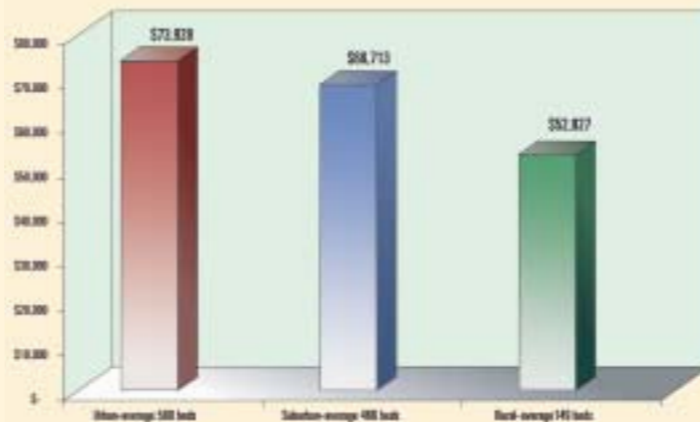


Materials managers are joiners. About nine out of ten respondents said they belonged to one or more of the Association of Healthcare Resource and Materials Management (95.5 percent), the International Association of Central Service Materiel Management (93.4 percent), the National Association of Purchasing Management (87.3 percent), or some other organization in the field.

Most materials managers have degrees. More than one-third (37 percent) hold bachelor's degrees, while 23 percent have associate degrees and 18 percent have high school diplomas (18 percent). About one-fifth or 21 percent have post-graduate degrees.

Finally, there appears to be more Web-based purchasing in today's hospital. According to the survey, an average of 23.8 percent of purchases through materials management are completed through the Net compared with 16.8 percent in 2002. **HPN**

### Salary vs. region



### Salary vs. education

