

# 2004 materials managers salary survey: Breaking down dynamics

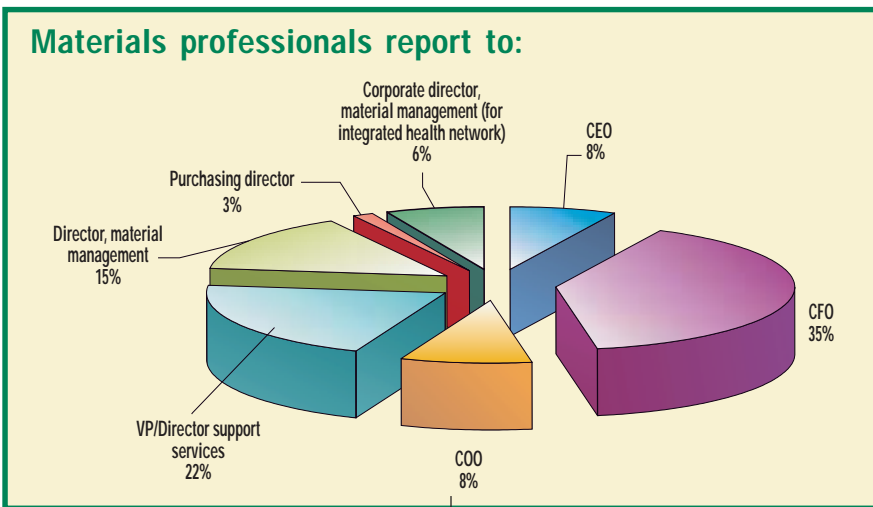
By Jeannie Akridge

Materials managers keep a close watch on the dollars and cents they spend on the services, supplies, and materials that feed their hospitals. Yet how does their compensation compare with others across the country? We developed the annual *Healthcare Purchasing News* materials management salary survey to show trends across the country over a broad range of categories. We've dissected the data into snapshots of salary vs. years of experience, education, type of hospital and more. Here's what we discovered for 2004.

This year, materials managers reported an average annual salary of \$61,742, as compared to an average of \$64,556 in 2003, and \$57,664 for 2002. The reason for the slight drop from 2003, could be attributed to a lesser average in number of years on the job for 2004. (See "Experience" below).

The top five reported salaries ranged from \$125,000 to one big earner of \$223,000. The lowest reported salaries were around \$19,500.

Once again, the majority of respondents (82% - comparable to 2003) received a salary increase over the previous year, and the amount of the increase raised from 3.69% in 2003 to 4.81% in 2004. Respondents who reported that they received a bonus for the previous year's performance was down by half to just 14%, yet the average amount of the bonus raised from \$4705 to \$5259.

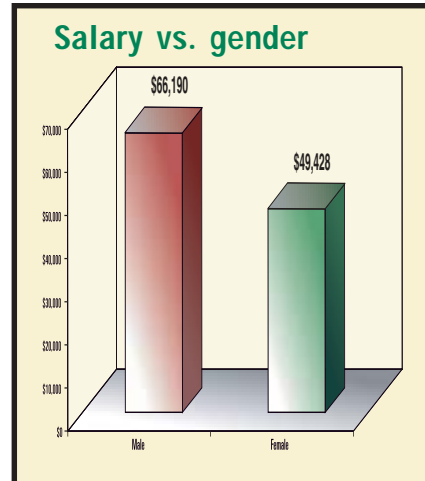
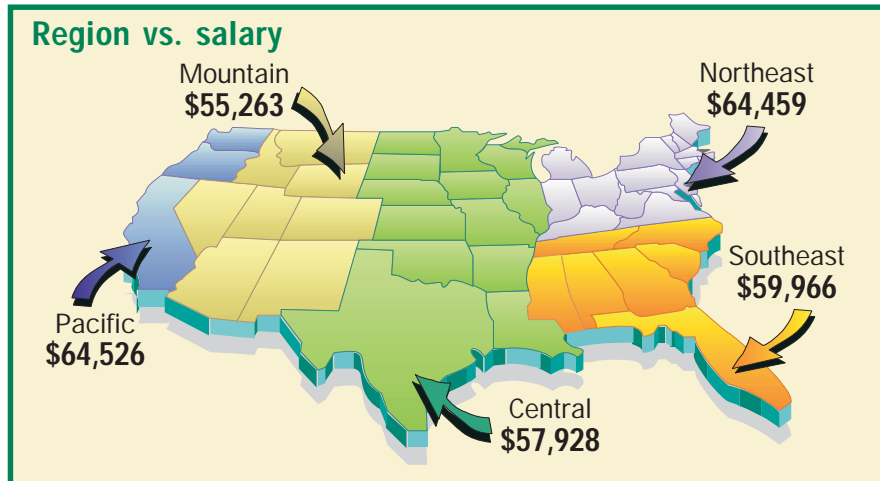


### Experience

The average years of experience for 2003 was close to 16 years, while 2004 survey respondents reported about 14 years of materials management experience. Compare this year's average of \$61,742 to an average salary of approximately \$56,000 in 2002 for managers with between 11 and 15 years of experience and it makes sense. Materials managers with between 21 and 25 years experience reported the highest average earnings at \$78,953. More than half of those surveyed in 2004 said they had worked at their facility for seven years or less.

### Position

Half of those surveyed describe their position as Director of Materials Management. This was down from 2003 figures of 65%. The reason: this year HPN added a new category for Contracts Management. A full 10% of respondents classified themselves in this new category, which could indicate that the position of Contracts Management is becoming more prevalent among hospitals, and/or those who previously performed contract management duties placed themselves in the Director of Materials Management category. The number of Corporate VPs/Directors of Materials stayed exactly the



same at 8%. The positions of Asst./Other Materials Management drew 17% of the vote, as opposed to 20% for 2003.

When taking into account salary according to position, the best compensated are consistently the Corporate VP/Director of Materials, with an average salary of \$89,467. Next, nearly tied, are the Purchasing Directors: \$64,724 and Contracts Management: \$64,470. Asst. Materials Managers are making an average of \$46,280 per year, according to the HPN survey.

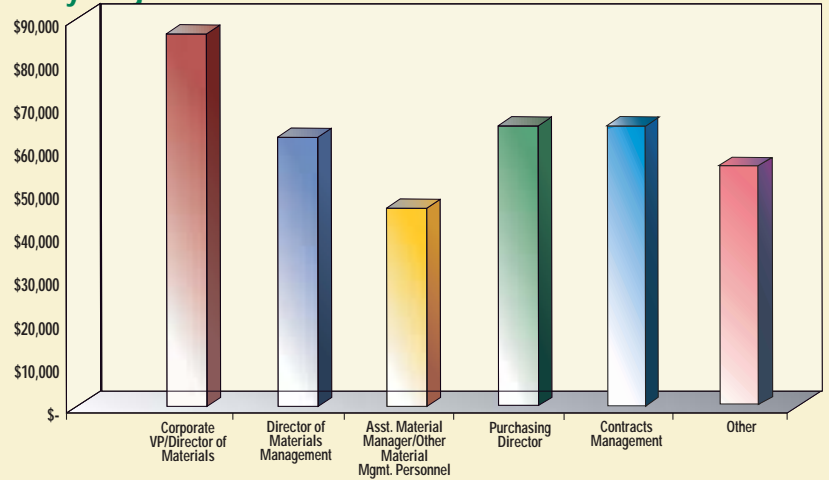
**Gender**

Women continue to receive lower compensation than males in materials management; and the figures for 2004 showed an even larger gap than for 2003 with women making about \$16,762 per year less than men. In 2003, the difference was \$14,779.

**Education**

As far as education levels vs. salaries, the gap appeared to lessen in 2004, between those with a high school degree (\$51,850 average salary) or associates degree (\$56,844), and those with a bachelor's degree (\$60,518). Last year,

**Salary vs. job function**



materials managers with a bachelor's degree earned about \$20,000/yr. more than their high school graduate counterparts. The biggest difference remains for those who hold a post-graduate degree, with an average reported salary of \$73,248.

**Chain of command**

The majority of respondents said they reported to the CFO (35%). However this number has been on a steady decline since 2002, when 45% said they directly reported to the CFO. Next on the list for most reported to is the VP/Director of Support Services at 22%, which has risen slowly yet steadily since 2002 figures of 19%. Numbers also rose for those reporting to the Director, Materials Management, from 15% in 2003 to 18% in 2004.

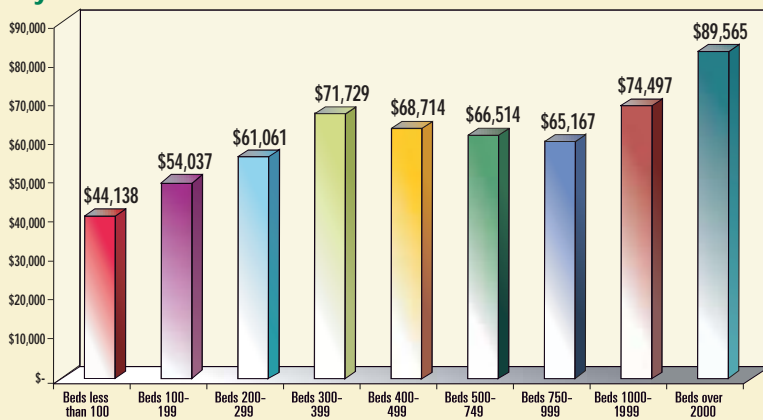
**Type of facility**

As expected, the numbers that say they work in a hospital that is part of an Integrated Delivery Network (IDN) has continued to grow larger each year. 58% are part of an IDN this year as opposed to 53% for 2003, and 43% for 2002. 79% of survey respondents said they worked for a not-for-profit hospital. This number is up more than 25% over last year's figure of 53%. By contrast, the number working at for-profit hospitals was down nearly 30% from 2003, to just 15%. The highest salaries are reported at not-for-profit hospitals at \$62,513. Last year, the figure for not-for-profits was an average of \$59,556. Materials managers in government-owned facilities reported the lowest average salaries of the group at \$52,094.

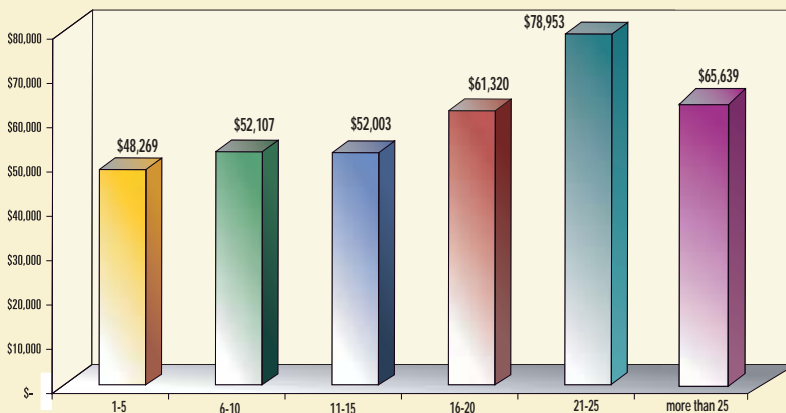
**Number of beds**

For the most part, salary levels rose in direct relation to the facility's number of beds. Not surprisingly, those working in powerhouse facilities with over 2000 beds reported the highest average salaries of \$89,565. Those in a facility with 300-399 beds make an average of \$71,729; yet the numbers for hospitals with between 400-999 beds drop slightly. At 1000-bed facilities, the reported average salary is \$74,497. Facilities with less than 100 beds paid their

**Salary vs. number of beds**



**Salary vs. years of experience**



See SALARY SURVEY on page 24

### Materials Management Purchasing Indicators

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

Sterile processing .....	28%
Receiving .....	85%
Distribution .....	83%
Pharmacy .....	4%
Print Shop .....	44%
Environmental Services .....	7%
LAB .....	6%
Purchasing .....	79%
OR .....	58%
Laundry .....	26%
Central transport (e.g., patients, materials, lab specimens) .....	18%
Housekeeping .....	8%
Patient transport only .....	9%
Non-patient transport only .....	14%
Mailroom .....	47%
Security .....	5%

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

OR supplies/equipment .....	83%
Med/surg supplies .....	85%
Medical capital equipment .....	81%
Nonmedical capital equipment .....	76%
Pharmaceuticals .....	6%
Imaging, X-ray film and related supplies .....	67%
Plant operations/maintenance supplies .....	56%
Lab equipment and related supplies .....	64%
Food .....	11%
Nonfood dietary supplies .....	44%
Office supplies and forms .....	74%
Housekeeping supplies .....	70%
Transportation .....	7%

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

Storeroom .....	90%
Nursing floors .....	72%
Operating room .....	52%
Emergency room .....	56%
Cath lab .....	21%
Laboratory .....	18%
Radiology .....	26%
Dietary .....	5%
Biomed .....	5%
Plant operations/maintenance .....	6%
OR .....	4%

materials management staff an average of \$44,138.

#### Region

HPN's 2004 survey shows much closer salary averages across the regions of the U.S. Those that work on the Pacific coast just slightly beat out those in the Northeast at \$64,526 and \$64,458 respectively. This year's figures for the Central region dropped to \$57,927 from \$70,069, but still were up from 2002 figures. The Mountain region remains the lowest compensated at \$55,263, which is still a significant rise from previous years.

Incidentally, the highest averages by state were seen in Nebraska (\$167,500) and Rhode Island (\$129,500), yet both had just one respondent each. Maryland, with four respondents, reported an average salary of \$105,750. Much lower averages were found in the states of Alabama (3 respondents, for an average of \$21,910), Arizona (3 responses, \$24,367 avg.), New Hampshire (2

responses, \$30,000 avg.), Kentucky (2 responses, average \$37,600, and Florida (25 responses, average \$38,004).

Once again, those that worked in urban areas made more than suburban-located facilities, which made significantly more than those in rural hospitals.

#### Other points of interest:

- The average age of respondents was 45 years old, compared to 47 in 2003.
- 90% of respondents said they felt "very secure" or "somewhat secure" in their jobs.
- The number of hospitals in which those surveyed had direct materials management responsibility for stayed the same as for 2003 at 3.2.
- The number of non-acute facilities for which the respondent's department had direct materials management responsibility rose to 9.5 in 2004 from 9.0 in 2003.
- 58% of respondents surveyed said that OR (a new category for 2004) reported directly to materials management. HPN

