

Even as salaries slip and pay increases slow, East Coast facilities offer up more cash

2006 Materials Management Salary Survey

Salary vs Job Function

Results from *Healthcare Purchasing News'* 2006 Materials Management Salary Survey represents a classic case of good news and bad news.

The good news is that the average salary reported for a hospital materials manager amounted to \$64,639, with 81 percent of respondents indicating that their current salary was an increase over the previous year.

The bad news is that the average salary reported in last year's survey was \$66,553. If you do the basic calculations on your own you'll realize that this year's average slipped nearly 3 percent.

Before panic sets in and you place the proverbial poxes on the economy allow the current results to be put into some perspective. Simply chalk up this apparent "discrepancy" to respondent variation over the years. Case in point: The 2005 survey generated a slightly higher response rate (33 percent vs. 25 percent); the average number of years in materials management has steadily declined since 2003 from 16 to 13 to 9 in 2005, but doubled to 18 this year; and the average number of years at the current facility jumped to 10 from 3 last year. Also, *HPN's* salary survey consistently attracts a small number of high-level materials management executives clearing six figures per year, but those data are not enough to skew the average upward too much.

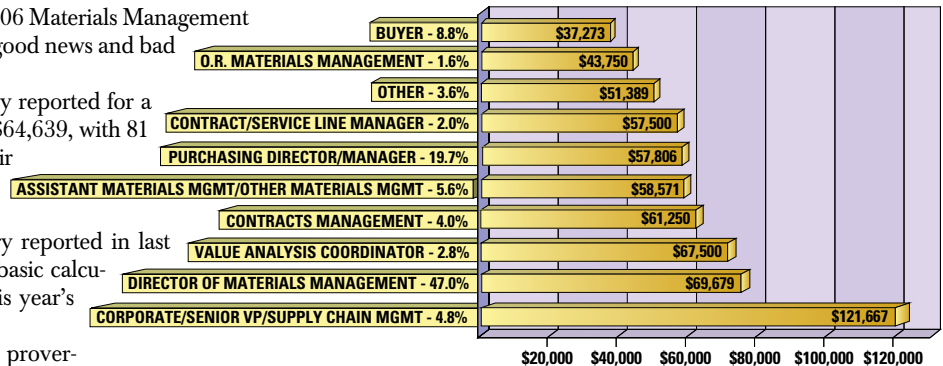
In essence, however, if you collect *HPN's* and save the Salary Survey editions, you'll notice that selected statistics during the last few years have been bouncing like one of those hoppin' hot-rod low riders. That doesn't make *HPN's* data any less reliable or valid. Certainly, if you earn less than the average salary reported in 2006, then add this ammunition to your arsenal when you argue for a pay raise.

But keep this tidbit in mind: Salaries arguably may be rising but the average pay increase percentage seems to be slowing consistently. Two years ago survey respondents reported an average 4.8 percent increase that slowed to 4.3 percent in 2005. This year, the average salary increase didn't even crack 4 percent, reaching a ceiling in the upper 3 percent range. Also noteworthy: While 60 percent don't expect to receive a bonus this year, 33 percent do. Interestingly, almost 95 percent of respondents noted that they at least feel somewhat secure in their current position.

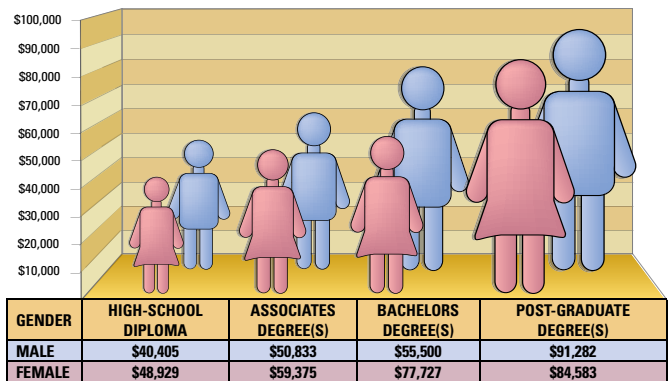
Some statistics have remained consistent. Materials management tends to report up through finance with more than 36 percent indicating they answer to the CFO. That's been the overall trend for several years with respondents in the upper 30 percent to lower 40 percent confirming the CFO connection. More men than women comprise the field and respond to the survey (63 percent vs. 37 percent). Not surprisingly, men earn more than women with the average salary for males being \$73,153 vs. \$50,109 for females. Such a trend remained consistent, regardless of educational achievement and background.

Of the total number of respondents, more than 40 percent hailed from urban facilities, while 34 percent hearkened from rural facilities and nearly 26 percent from suburban facilities.

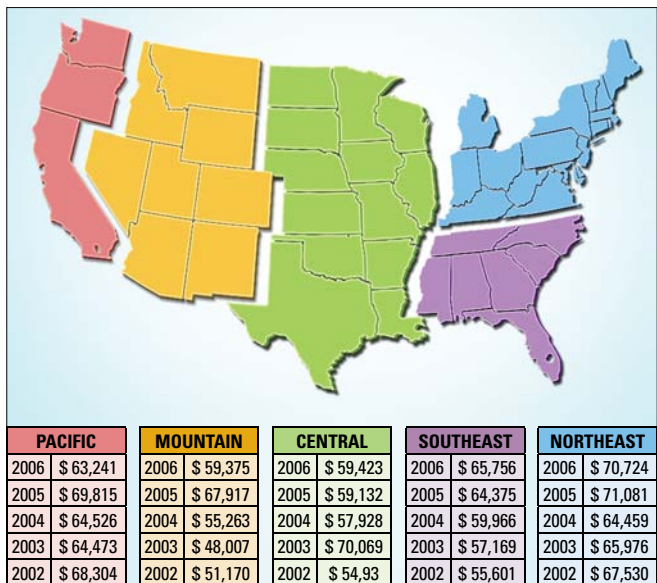
As always, location matters with the East Coast locking in the most



Salary vs Gender & Education



Salary vs Region



greenbacks. Materials managers working in the Northeast consistently out-earned their peers around the country. The average salary for a materials manager in the Northeast was \$70,724, down nearly \$360 from last year. The Southeast followed at \$65,756, up nearly \$1,400 from 2005. The Pacific region came in a close third at \$63,241, but that average was more than 9 percent lower than last year.

The most lucrative region for men to work apparently is the Southeast as males recorded an average of \$75,870. The same holds true for

women who earned \$54,125. The Northeast came in close second with men earning \$75,323 and women earning \$50,357.

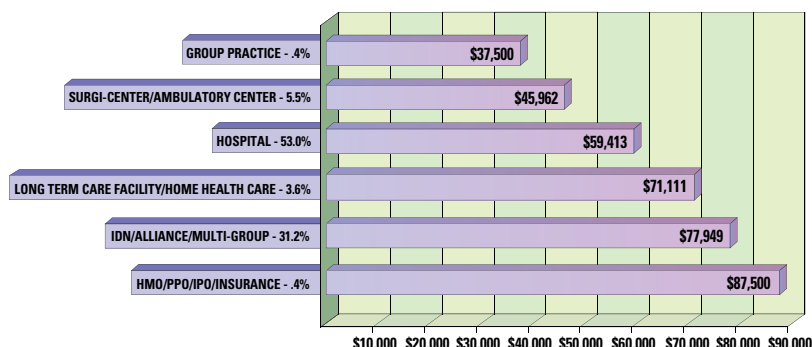
The Mountain region reported the lowest average salary at \$59,375, a more than 14 percent drop from 2005. The Central region fared better, but barely. The average salary in the heartland measured in at \$59,423, a scant \$291 higher than last year. **HPN**

Editor's Note: For more details about the 2006 Materials Management Salary Survey visit HPN Online at www.hpnonline.com.

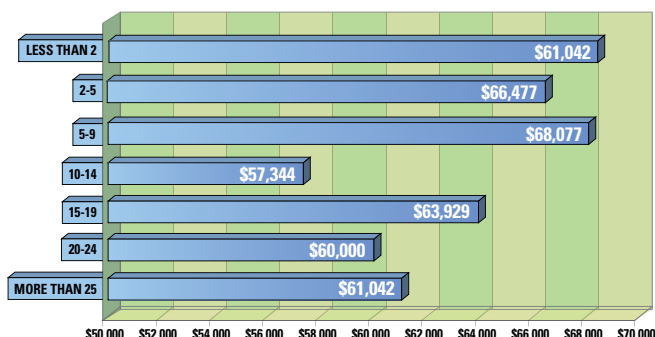
Salary vs Location & Type of Facility

| Facility Type | | Average Salary |
|---------------|------------------|-----------------|
| Rural | For profit | \$64,167 |
| | Government owned | \$56,500 |
| | Nonprofit | \$56,140 |
| | Total | \$56,518 |
| Suburban | For profit | \$67,794 |
| | Government owned | \$60,000 |
| | Nonprofit | \$67,381 |
| | Total | \$66,797 |
| Urban | For profit | \$64,375 |
| | Government owned | \$61,500 |
| | Nonprofit | \$72,072 |
| | Total | \$70,025 |

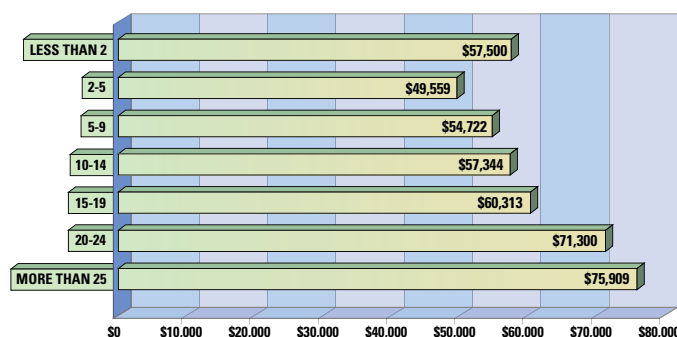
Salary vs Type of Healthcare Organization



Salary vs Years at Current Facility



Salary vs Years in Materials Management



Materials Management Purchasing Indicators

| Which functions report directly to the materials management department in your facility? | Product areas for which supplies are purchased by your department: |
|--|--|
| Purchasing.....88.35% | Med/Surg Supplies.....97.59% |
| Receiving.....87.15% | O.R. Supplies/equipment.....91.16% |
| Distribution/Store Room.....84.34% | Medical Capital Equipment.....89.96% |
| Mail room.....51.41% | Office Supplies and Forms.....88.76% |
| Central Services.....47.39% | Sterilization/Infection Control.....83.94% |
| Print Shop.....44.98% | Housekeeping Supplies.....82.33% |
| Laundry/linen services.....23.29% | Imaging/Radiology.....81.93% |
| Sterile processing.....22.89% | Laboratory.....74.70% |
| Cath Lab (purchasing only).....19.28% | Transportation (patient and vehicular).....67.87% |
| Other.....18.88% | Network/Computer Equipment.....63.86% |
| O.R.....16.06% | Plant Operations/Maintenance.....61.04% |
| Central Transport.....14.86% | Food.....16.87% |
| (e.g. patients, materials, lab specimens) | Pharmaceuticals.....14.06% |
| Housekeeping.....6.83% | Other.....4.82% |
| Environmental/Plant Maintenance Svcs...6.02% | |
| Telecommunications.....5.22% | |
| Pharmacy.....4.02% | |
| Lab.....3.61% | |

Materials Professionals Report to:

| TITLE | REPORTS TO | Percentage |
|----------------------------------|---|------------|
| Assistant Materials Management | Director/Manager materials | 71% |
| Buyer | Director/Manager materials | 68% |
| Contracts Management | Director/Manager materials | 40% |
| Corporate/Senior VP, Materials | CFO | 67% |
| Value Analysis Coordinator | Director/Manager materials | 43% |
| Director of Materials Management | CEO | 4% |
| | CFO | 58% |
| | CIO | 2% |
| | COO | 4% |
| | Corporate Director/Materials | 7% |
| | Hospital Administrator | 3% |
| | Vice President/director(s) | 18% |
| Purchasing Director/Manager | CEO | 8% |
| | CFO | 29% |
| | Director/Manager materials | 29% |
| | Hospital Administrator | 14% |
| | Vice President/director, support services | 12% |