

2005 Materials Management Salary Survey shows slow, steady gains

by Jeannie Akridge

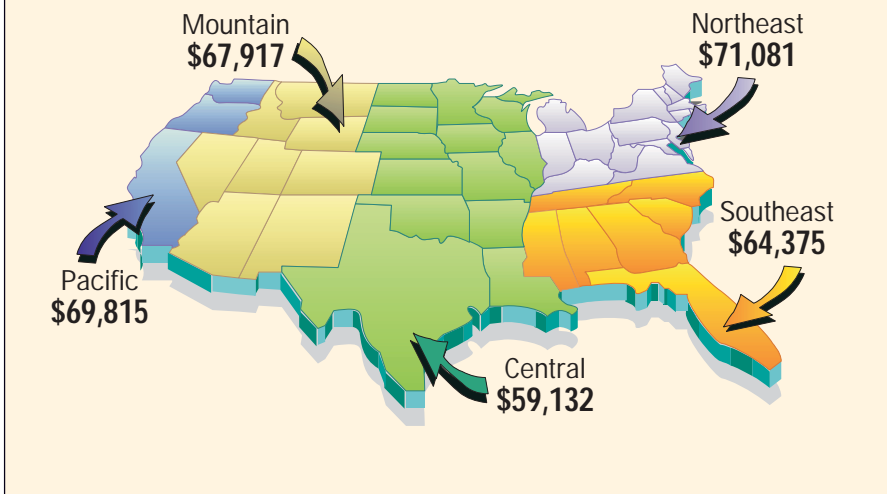
If they do their job right, those working in healthcare materials management save their facilities money, make clinicians' jobs easier, and at the same time improve the quality of patient care. So how does their compensation measure against that of their peers?

Our 2005 Materials Management Salary Survey shows an average salary, across 336 respondents consistently primarily of Directors of Materials Management, of **\$66,150**, more than a 7 percent increase over our 2004 survey. What follows is a break-down of trends across the country over a broad range of categories. We've compiled the data into snapshots of salary by years of experience, education, gender, region, type of hospital and more.

Fairly consistent with previous years, 63 percent of our respondents reported their title as Director of Materials Management, followed by Assistant Materials Managers and Purchasing Directors/Managers, both at 10.9 percent. Corporate/Senior Vice Presidents of Materials/Supply Chain Management made up 5 percent of our respondents. Last year, over 10 percent of respondents were contract managers; this year, just under two percent held this title.

Highest earnings by title were reported by Corporate/Sr. Vice Presidents of Materials or Supply Chain Management at \$98,382, up from \$89,467 in 2004. Directors of Materials Management earned an average of \$71,983; Contracts Management employees were the next highest earners at \$69,167 and Value Analysis

Average Salary by Region



Coordinators pulled in an average salary of \$63,571. Lower-earning positions included Buyers at \$41,071; Assistant Materials Management, \$48,452; Purchasing Director/Manager, \$49,313 (down from a 2004 average of \$64,724); and Contract/Service Line Manager at \$54,167, (also down from a 2004 average of \$64,470).

Top earners by title and years of experience in materials management were those with 20 to 24 years of experience who were working in Contracts Management at \$109,444.

The majority (84 percent) reported receiving a salary increase over the previous year, a trend that's remained constant since at least 2002. The amount of the increase, however, dropped slightly from 4.81 percent in 2004 to 4.3 percent in 2005. Respondents who said that they received a bonus for the previous year's performance was up to 35 percent, from just 14 percent the year before.

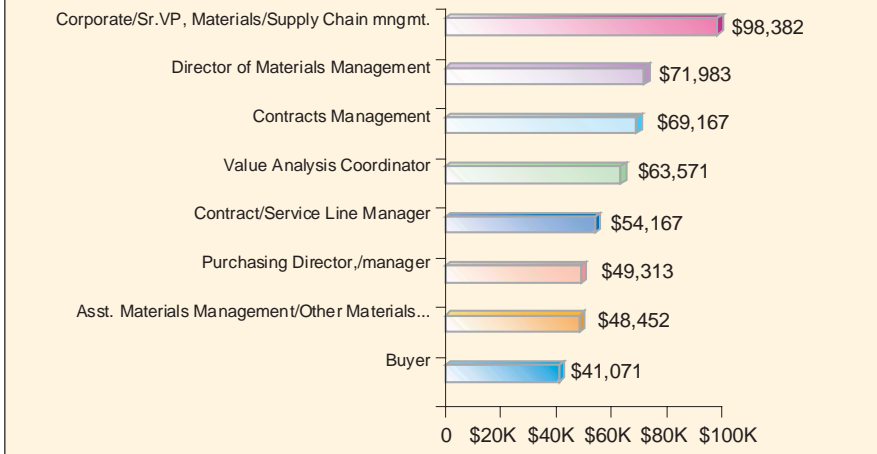
Gender issues

Women continue to receive lower compensation than males in materials management. This year, the difference held steady at around \$16,700 for the second year in row. The average salary for women raised from \$49,000 to \$56,331, but at the same time, the average salary for men raised from \$66,000 in 2004 to \$73,043 in 2005. Sixty percent of respondents were men. This year we cross-referenced even more categories by gender in order to gain a better understanding of all of the nuances that affect these salary differences.

Experience

The majority of our respondents (nearly 40 percent) said they had worked in materials management for 20 to 24 years, contributing to an average number of years of experience in materials management of 18 years. This is up slightly from 2004's figure of 14 years of materials management experience. Yet at the same time, nearly

Average Salary by Job Function



65 percent of this year's respondents have worked at their current facility just nine years or less, with 14 percent at their current facility less than two years. On an average, our 2005 respondents have been working at their facility for seven years, a drop from last year's average of 11 years.

Understandably highest wage earners had between 20 to 24 years of materials management experience, at an average of \$75,858. Those with between 10 and 14 years of experience in materials management earned about \$13,000 more than their counterparts with just five to nine years of experience. Yet, when looking at the number of years the respondents have worked at their current facility, those with less than two years of tenure, earned the highest salaries at an average of \$69,000. That figure continues to drop as the numbers of years at the facility rises. Those who have worked at their current facility for between 15 and 19 years reported the lowest average salaries at \$59,000.

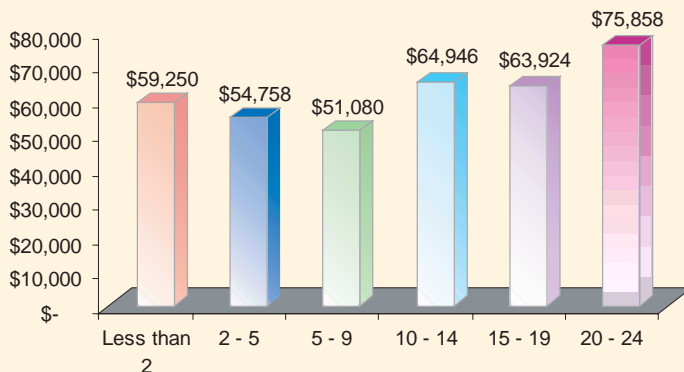
The average age of respondents was 48 years old, up just slightly from last year's average age of 47.

Education

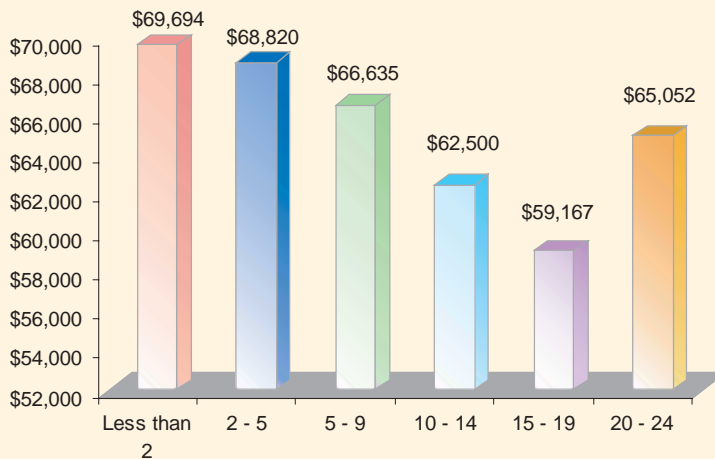
A cross-comparison of salary by education by gender yielded interesting results. Both men and women who reported their highest level of education as "high school" earned similar salaries. So did men and women with post-graduate degrees. A bigger difference in salaries was seen in those that had earned an associate or bachelor's degree. Men holding a bachelor's degree earned \$76,141, compared to an average of \$60,208 for women holding bachelor's degrees. But there was also a considerable difference in the number of men who had completed higher levels of education. Twenty-seven percent of males hold a bachelor's degree, compared to just ten percent of women. Similarly, only 4.5 percent of women

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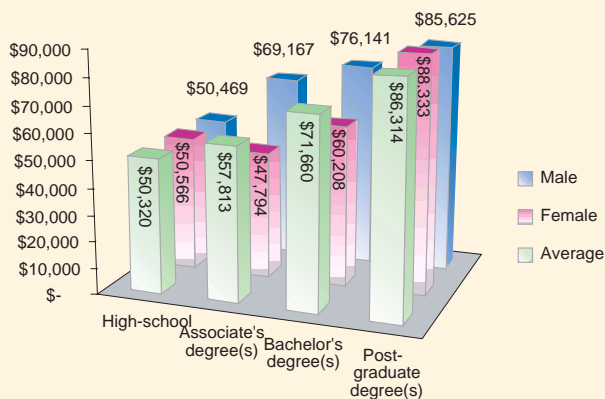
Average Salary by Experience in Materials Management



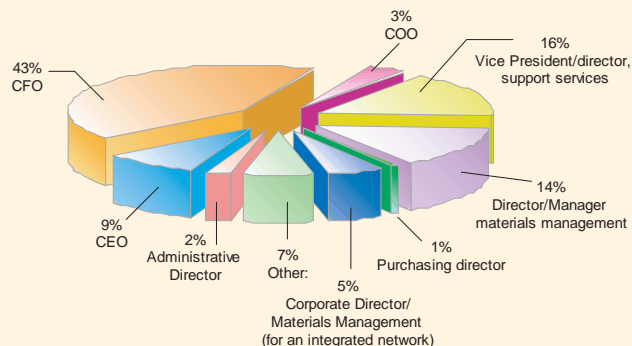
Average Salary by Years at Facility



Average Salary by Education & Gender



Materials Professionals Report to:



Materials Management Purchasing Indicators

Which functions report directly to the materials management department in your facility?

Distribution/Store Room	87.9%
Receiving	86.4%
Purchasing	85.5%
Central Services	50.1%
Mailroom	50.1%
Print Shop	43.7%
Laundry/linen services	30.7%
Sterile processing	24.5%
Other:	8.8%
Central Transport (e.g. patients, materials, lab specimens)	18.9%
OR	19.5%
Cath Lab (purchasing only)	15.0%
Housekeeping	12.1%
Environmental/Plant Maintenance Services	7.4%
Lab/Radiology	3.5%
Pharmacy	2.7%
Biomed	1.5%
Courier Services	5.3%
Dietary	0.9%

Product areas for which supplies are purchased by your department.

Med/Surg Supplies	71.9%
OR Supplies/equipment	66.6%
Sterilization/Infection Control	63.6%
Office Supplies and Forms	60.4%
Medical Capital Equipment	60.1%
Housekeeping Supplies	59.8%
Transportation(patient and vehicular)	59.8%
Imaging/Radiology	44.1%
Laboratory	56.8%
Plant Operations/Maintenance	54.1%
Network/Computer Equipment	53.3%
Food	41.4%
Pharmaceuticals	37.3%
Other	4.7%

Which areas you would like to see more coverage of in Healthcare Purchasing News?

Inventory Control	17.50%
Value Analysis	15.50%
Legislation	7.80%
Bariatric Equipment	7.40%
Surgical Instrument Tracking	5.30%
Infection Control	5.70%
OR Equipment/Beds/Suites	5.30%
Cath Lab	5.10%
Sterilization Procedures/Equipment	4.80%
Minimally Invasive Surgery	4.30%
Imaging/Radiology	3.80%
Surgical Instruments	3.70%
Plant Operations/Maintenance	3.50%
Surgical Apparel/Drapes	3.40%
Other:	3.00%
Surgical Wrap	2.10%
Laboratory	1.80%

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hold post-graduate degrees, compared to nearly 16 percent of men.

Department heads

The majority of respondents continue to report to the CFO, even more so this year. Forty-two percent report to the CFO this year, up from 35 percent in 2004. The second most reported to remains the VP/Director of Support Services. But at 16.2 percent, down from 22 percent in 2004, the position seems to be losing ground as most reported to, to the category of "Other". Write-ins for the "Other" category included Director of Surgical Services and OR Manager. Fourteen percent of respondents report to the Director/ Manager Materials Management, the same as last year.

Type of facility

As in previous years, the majority (76 percent) of respondents work for a non-profit hospital, 18 percent work at a for-profit hospital, and 6 percent at a government-owned facility. Unlike last year, however, just under 30 percent of respondents work for an Integrated Delivery Network (IDN), compared to 58 percent in 2004. This year, 58 percent report working for a standalone hospital. Those working for an IDN are still the highest earners, at \$77,206.

Responses were more evenly divided this year between urban, rural and suburban facilities, at around 30 percent each. Those working in an urban facility earned \$18,600 more on average than those working in a rural facility.

The highest salaries were once again reported at not-for-profit hospitals, up to \$68,971 from \$62,513 last year. Materials managers in government-owned facilities again reported the lowest average salaries of the group at \$55,125, up from last year's average of \$52,094.

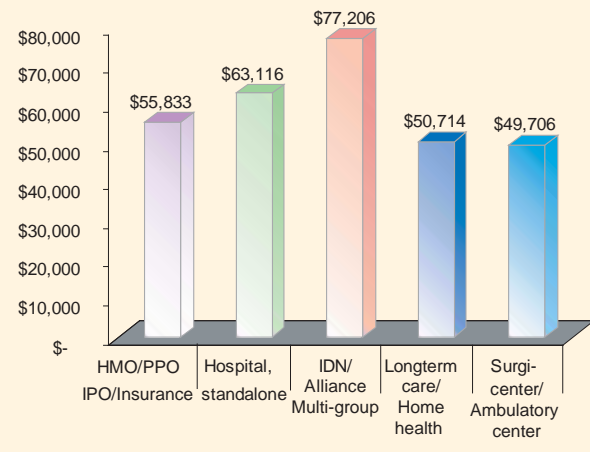
Number of beds

For the most part, salary levels once again rose in direct relation to the facility's number of beds. Not surprisingly, those working in facilities with over 1,000 beds reported the highest average salary of \$92,300. Over ten percent of our respondents worked in facilities with 25 beds or less, and these facilities paid an average of just \$44,792.

Region

This year for the first time, the Mountain region was no longer the lowest-earning area.

Average Salary by Facility Type



Though the fewest number of respondents reported working in this region, they earned an average of \$67,917 compared to Southeast region earners at \$64,375 and Central region at \$59,132. The majority of those who answered our 2005 survey worked in the Northeast, and they reported the highest earnings at \$71,081. Traditionally this region has been very close in average earnings to the Pacific region, which this year reported an average salary of \$69,815.

New data

For our 2005 survey, we added Central Services and the Cath Lab (purchasing only) as a response for the question: "Which functions report directly to the materials management department in your hospital(s)?" More than 50 percent said that Central Services fell under the domain of Materials Management, while 15 percent said that Cath Lab purchases were under their department.

We found that that over half of our respondents are responsible for buying Network/Computer Equipment. We added "Buyer" and "Value Analysis Coordinator" as choices under "Job Function" and discovered that, though small in number, these titles are represented among our readers: 2.1% were buyers, 1.8%, value analysis coordinators.

We added a new question to find out about the number of employees working in the average materials management department. The breakdown: The majority at one-third of respondents, had five or less employees in their department. However, nearly 23 percent had more than 30 employees working in their department.

Finally, we polled our materials management readers to determine what they'd like to see more coverage of in *HPN*. Topping the list were "inventory control" and "value analysis", topics we've explored and will continue to expand upon for our readers. *HPN*