

DC VELOCITY

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SPECIAL REPORT | SALARY SURVEY

Distribution/logistics salaries show signs of recovery

After dropping from 2008 to 2009, salaries for distribution and logistics professionals have started to creep up again, according to DC Velocity's annual survey.

By Susan K. Lacefield

Did the recession of 2008-2009 take a toll on distribution and logistics professionals? The results of DC VELOCITY's 2010 annual salary survey indicate that the answer is yes. The median salary for the 1,010 readers who responded to this year's poll was \$85,000—down about 5 percent from the pre-recession peaks of \$89,000 in the 2008 survey and \$90,000 in 2007. (Last year's survey can be found [here](#).)

But the news on the compensation front isn't all grim. This year's median salary is up slightly from last year's median of \$83,000, suggesting that salaries may have bottomed out and are now on the rise again.

Indeed, 41 percent of the respondents to the survey, which was conducted via an online questionnaire in February and March, said their salaries had risen in the past 12 months, while 39 percent said their salaries had held steady. When the results are broken down by job title, a similar picture emerges: For the most part, salaries are comparable to or higher than last year's figures (see Exhibit 1). The one anomaly is the median salary for corporate officers, which dropped 16 percent. However, this finding might reflect the small sample size (33 respondents).

These findings align with what Donald Jacobson of the recruitment firm Optimum Supply Chain Recruiters has seen in the market. There's no doubt that the downturn threw many out of work, he says, but "overall salaries have not changed. If anything, they may have increased because of the higher level of sophistication that the companies are demanding," he says. "Even smaller and mid-sized companies need the same level of sophistication as bigger companies, and that pushes salaries up."

DC VELOCITY REPRINTS

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EXHIBIT 1 salary by title

Title	Median salary - 2010	Median salary - 2009
President	\$150,000	\$120,000
Corporate officer	\$115,000	\$137,000
Vice president	\$145,000	\$144,000
Director	\$109,500	\$104,000
Manager	\$76,500	\$76,000
Supervisor	\$55,000	\$57,000

But not everyone was so fortunate. Some 20 percent of the survey respondents reported that their salaries had dropped from the previous year. That's a significantly higher percentage than we've seen in past surveys—14 percent in the 2009 survey and 3 percent in the 2008 edition.

Industries particularly hard hit include transportation services, third-party logistics (3PL) services, and wholesale/retail. The survey showed that 32 percent of respondents working in transportation services were making less than they were a year earlier. Similarly, 22 percent of respondents from the third-party logistics services sector and 19 percent from the wholesale/retail industry said their pay had declined. (See Exhibit 2 for median salaries by industry.)

The survey also found a correlation between shrinking paychecks and company size, with workers at smaller companies more likely to be feeling the pain. One-third of all respondents who work at companies with fewer than 100 employees saw their compensation drop in the past 12 months. By contrast, only 12 percent of respondents from very large companies (5,000 employees or more) took a hit in pay.

Wanted: Jack of all trades

In addition to salary cuts, last year saw a rash of layoffs as companies desperately tried to trim costs to offset weak sales. As jobs were cut, however, that work didn't necessarily go away. Instead, companies asked their remaining employees to do more.

One result is that jobs are being combined in new and unusual ways. "We are seeing an interesting phenomenon in the industry. Due to the economy and reduced head count, companies are combining skill sets that don't normally go together," says Jacobson. For example, Jacobson says he's seen some clients combine sourcing/purchasing positions with planning and transportation positions. One even combined responsibility for its co-packing operation with responsibility for sourcing and transportation.

DC VELOCITY's salary survey results reflect this trend. It's a rare respondent who doesn't have direct or indirect control or influence over more than one of the following functions and activities: supply chain management, logistics management, transportation management, warehouse and/or distribution center management, fleet operations, import/export operations, and procurement/purchasing. In fact, 57 percent of all respondents said they had direct or indirect control or influence over three or more functions.

EXHIBIT 2

salary by industry

Industry	Median salary
Contract warehousing	\$60,000
Paper and allied products	\$62,500
Printing, publishing, and allied products	\$67,500
Lumber and wood products	\$73,250
Automotive	\$74,500
Transportation services	\$75,000
Pharmaceutical and health care	\$76,000
Furniture and fixtures	\$80,000
Food and grocery	\$87,600
Wholesale/retail	\$88,250
Chemical and allied products	\$90,000
Apparel and footwear	\$92,000
Electronic and electrical equipment & components	\$92,000
Government and military	\$95,000
Third-party logistics services	\$98,250
Consumer packaged goods	\$99,000

EXHIBIT 3

salary by years of logistics experience

Years	Median salary
0-5	\$58,500
6-10	\$77,000
11-15	\$83,000
16-20	\$89,660
21-25	\$91,340
More than 25	\$98,500

EXHIBIT 4

salary by age

Age	Median salary
18-25	\$48,300
26-35	\$69,950
36-45	\$80,900
46-55	\$88,500
56-60	\$85,000
61-65	\$100,000
Over 65	\$100,000

Yet Jacobson says companies have been slow to adjust salaries to reflect this increase in responsibility. "The only way to find that combination [of skills] is to look at people with more experience, which means higher dollars. But they're not raising the salary. Companies aren't adjusting their compensation to attract the candidates that have the combined skills," he says.

What's in a paycheck?

Besides industry and job responsibility, there are a number of other factors that influence logistics professionals' salaries. Few of them will come as much surprise.

For example, as experience increases, so does pay. Our survey results show a strong correlation between salary and years of logistics experience (see Exhibit 3). Similarly, older employees tend to be paid more than their younger counterparts (see Exhibit 4).

Likewise, those working for larger companies typically earn more than those in smaller ones. In fact, there is a significant gap in median salary between those companies with more than 500 employees and those with a smaller workforce. (See Exhibit 5.)

Few will be surprised to hear that a graduate degree typically translates to higher pay. Logistics professionals with a master's degree or doctorate generally earn more than their colleagues with a bachelor's degree or high school diploma. Interestingly, however, the median salary for respondents with a Ph.D. was lower than the median salary for those with a master's degree (see Exhibit 6).

As in the past, our 2010 survey indicated that gender has a bearing on pay. There is still a significant salary gap between men and women. While the median salary for males is \$87,100, the median salary for females is \$66,500. This gap persists no matter what the position (see Exhibit 7). The difference is less noticeable at the supervisor level, however, which suggests that salaries might equalize as more women rise through the ranks.

Geography also plays a role in compensation. As Exhibit 8 shows, median salaries vary based on region of the country. The results of this year's survey are consistent with what we've seen in the past, with salaries in the Midwest on the low end and salaries in the West on the high side.

Hope for the future?

So what does all this portend for the future? Have salaries been reset at a new, lower level, or can logistics professionals reasonably expect to see their pay rise as the economy recovers?

EXHIBIT 5

salary by company size

Number of employees	Median salary
Fewer than 100	\$75,000
100-500	\$76,250
501-1,000	\$97,000
1,001-5,000	\$93,090
More than 5,000	\$94,000

EXHIBIT 6

salary by education

Highest degree earned	Median salary
High school diploma	\$69,000
Bachelor's degree	\$90,000
Master's degree	\$102,000
Ph.D.	\$99,000

EXHIBIT 7

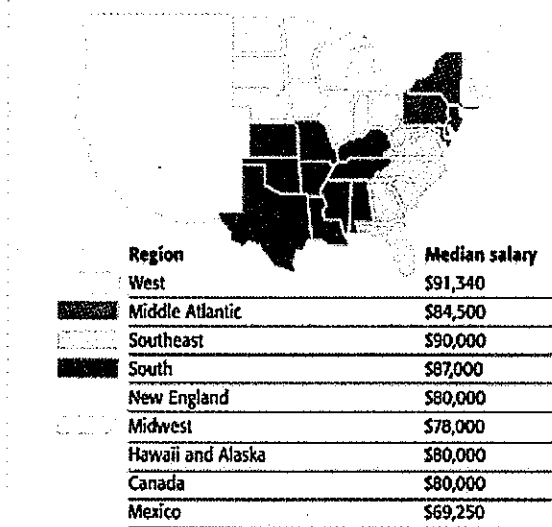
gender gap remains

Title*	Median salary - male	Median salary - female
Corporate officer	\$122,000	\$66,370
Vice president	\$145,000	\$138,500
Director	\$106,500	\$92,000
Manager	\$78,000	\$68,000
Supervisor	\$55,000	\$54,000
All	\$87,100	\$66,500

*None of the female respondents held the title of president, while 29 of the male respondents served in that capacity. Also, only four female respondents said they were corporate officers, compared with 29 male respondents.

EXHIBIT 8

salary by region



Jacobson for one believes there are glimmers of hope. His firm is now seeing more companies—particularly small and mid-sized companies—reaching out to recruitment firms to help them fill supply chain positions. Expertise in global logistics and global purchasing is in particularly high demand right now, he says.

Jacobson says hiring in the 3PL industry is also picking up. He believes the downturn encouraged more companies to outsource non-core competencies. Optimum Supply Chain Recruiters receives requests from third-party providers looking to fill business development positions at least once a week, he adds.

Even so, the hiring process continues to be slow across the board, according to Jacobson. The recession and the high unemployment rate have given rise to unrealistic expectations among human resource professionals, he says. They expect a large pool of candidates for every single position and, as a result, take a long time looking for the perfect candidate. "It's really stretched the hiring cycle," he says.

But this trend cannot last for long, Jacobson believes. Companies will soon realize the cost of letting a position go unfilled for an extended period, he says, and they'll respond by offering the job to the candidate who best matches their requirements rather than waiting for that perfect person. At the same time, he says, they will begin offering salaries that are more consistent with the level of sophistication and experience they're seeking.

If Jacobson's read on the marketplace proves correct, then the 2010 salary survey results seem to point to a better future. Maybe by this time next year, we'll be seeing salaries recovering to the levels recorded in 2007 and 2008.

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