Procurement Salary Guide and Insights
Australasia Region

Key Trends and Findings 2018
What a time it’s been since the last survey and what a different world we are now operating in. The direction of travel is full of unexpected twists and turns and a new world order awaits us with protectionism, potential tariffs and new challenges.

Businesses and organisations will need a steady hand to negotiate their way through all this, so it is a perfect time to have the support of trained, qualified professionals. So these professionals will need strategic skills, data management and a steadying disposition to help businesses find their way through the particular challenges faced by their organisations.

Once again, the CIPS/Hays Salary Survey has found that these talented individuals are increasingly in demand by CPOs. Though CEOs and Boards must still learn the lesson of the value that procurement can bring, these new tests are a spotlight on procurement's worth during this remarkable time in our history.

Many CPOs I speak to are struggling to secure good talent, but it is often soft skills that are missing from their talent portfolio, and not procurement and supply chain knowledge. Though sector knowledge is always useful, both sector and procurement knowledge can be learnt, so I would urge any employers to go for individuals with a fresh perspective and the ability to think outside of the box.

So that's the benefit of talented individuals for business and procurement teams, but those smart professionals are getting rewarded too. Our survey found that 66% of procurement professionals received an increase in salary.

And, it's no surprise again that MCIPS professionals received 22% more in salary than non-MCIPS, so the value of CIPS membership is there for all to see. But, we must not rest on our laurels. Continuing professional development should be high on everyone's agenda, to always improve and find the next level of achievement, so I hope that this year our professionals will read more and do more to up their game and increase their usefulness so boards and CEOs also sit up and take more note of how fundamental good procurement is for their business.

There has been an increase from 53% to 58% this year in the number of employers who faced challenges in finding the right talent in the last 12 months. This could be the consequences of searching for exceptional talent rather than volume, for experience as opposed to expediency. Taking time to look for the right team will always pay off in the long run and those interesting, varied and rewarding roles are still out there.

Lastly and disappointingly, the survey found that the gender pay gap in our profession is not closing. Though there are so many instances of this in other sectors, I am disappointed that procurement is not leading the way and bucking the trend. Raising the profile of women professionals and supporting gender diversity has been a focus for CIPS in the last year with our Women in Procurement event and the recognition of high achievers. I hope these small steps will contribute to a reversal of this setback in next year's results as we do more to support gender diversity in procurement.

I would urge you to look through the report in detail to understand what it means for you. There is no other report of this scale that gives insight into the profession across geographical regions, gender, sectors and company size. This is not just about pay and bonuses but the impact of CIPS membership, how procurement can fight against issues of our day such as modern slavery and the opportunities for great work and how to make an impact.

So to paraphrase the wise words of a former President of the United States, ask not what the profession can do for you, but what you can do for the organisations you work for and the wider world.

Gerry Walsh
Group CEO
Chartered Institute of Procurement & Supply

www.CIPS.org/salarysurvey
Building soft skills for the future of procurement

We are pleased to be partnering with CIPS for a fourth year to continue to provide insight into the key trends and issues impacting on the procurement and supply chain profession.

Our report shows a continual upward trend in the value placed on procurement within organisations. Building a strong procurement team continues to be a priority for leaders in the industry, driven by a number of pressures within the market. As organisations continue to adapt to a changing landscape, so too must procurement professionals to ensure their soft skills in particular are up to date to meet the challenges to come.

Finding the right people is of paramount importance to be able to build the best team. I therefore encourage both procurement leaders and professionals to review the CIPS Global Standard for Procurement and Supply 2018, a comprehensive competency framework which sets the benchmark for what good looks like in the industry. One aspect the Standard covers is People Development, a section I have contributed to and a factor that is important to me. Individuals can use this to identify the soft skills that will enable them to progress in their career and seek the training they need to be able to develop.

Our report also highlights the ongoing issues that employers face when recruiting. Professionals with the right soft skills are of great importance, however can be difficult to find. This can be especially challenging when seeking talented senior procurement professionals, who are all the more important to bring about the change which is high on the agenda for many organisations.

I am therefore pleased to be involved in the Fellows of the Future programme**, where Hays is partnering with CIPS, and which aims to build a pipeline of talented professionals who have the potential to become future procurement leaders. We provide workshops, events and access to information to help professionals build the right soft skills and networks to be able to progress to FCIPS, as well as educate them about the importance of soft skills in the changing world of procurement.

We hope you find the insights we cover in this report useful in your workforce planning, or as a guide for your own career development.

hays.co.uk/procurement

Scott Dance
Director
Hays Procurement & Supply Chain

This year’s report clearly indicates that there continues to be a strong demand for procurement professionals with demand consistently out-pacing supply. Furthermore, there is clear evidence that this pattern is mirrored in the UK and Sub-Saharan Africa. The value of CIPS qualifications is clearly indicated in the report with professionals having been awarded MCIPS* enjoying salary increases on average 22% greater than employees in similar roles without CIPS qualifications.

The context of a labour market in which demand is outstripping supply places a premium on attracting and retaining the very best procurement professionals. Nowhere is this more clearly indicated than in the increase in salaries being paid to graduate trainees, a signal that the profession is seeking to attract the very best talent that is available. A further interesting trend, buried in the detail of the report, are the premiums paid to procurement professionals who are designated ‘analysts’. Many of these professionals work in the ‘engine room’ of the profession and their enhanced salaries reflect the requirement of the procurement profession to deal with the realities of big data, predictive analytics, eProcurement, AI and machine learning.

In previous reports, we highlighted the increase in learning and development spend as organisations tried to address the lack of talent by growing their own. In general, the outlook for procurement professionals remains excellent. Demand for their services outstrips supply and this is reflected in healthy wage appreciation. The profession is battling to attract the best talent available and seeking to equip that talent with the skills that are required of a profession servicing businesses operating in a quickly evolving environment. Those professionals who develop their capabilities will enjoy successful and remunerative careers and there is clear evidence that CIPS can help them on that journey.

Dr. John Glen
CIPS Economist
Visiting Fellow of Cranfield University

*MCIPS awarded on completion of CIPS Professional Diploma and three years’ experience
**Currently only available in the UK
About this report

The CIPS/Hays Procurement Salary Guide and Insights 2018 allows procurement professionals and employers to:

- Benchmark salaries and bonuses for different roles and profiles
- Highlight career aspirations
- Understand perceptions of procurement

Within each section we have set out the statistical findings of our survey alongside conclusions drawn by the experts involved in putting together the report, as well as a case study that illustrates best practice.

The findings in this report are based on research conducted in September 2017 via an online survey among professionals currently working in procurement. This year over 4000 professionals globally completed the survey. The results were analysed by the Professional Associations Research Network (PARN).

Statistics throughout this report have been rounded to the nearest decimal point.

Throughout this document different levels of professional seniority have been summarised into five levels of competency. These are described in the chart below along with some examples of job roles that fall into each group.

CIPS Global Standard in Procurement and Supply, which is freely available, sets the benchmark for what good looks like in the profession.

<table>
<thead>
<tr>
<th>COMPETENCY LEVEL</th>
<th>TYPICAL JOB ROLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Professional</td>
<td>Head of Procurement, Procurement Director, Commercial Director, Chief Procurement Officer, Supply Chain Director, Head of Sourcing.</td>
</tr>
<tr>
<td>Professional</td>
<td>Procurement Manager, Purchasing Manager, Senior Category Manager, Supply Chain Manager, Strategic Procurement Manager, Operations Manager, Commercial Manager, Head of Logistics.</td>
</tr>
<tr>
<td>Managerial</td>
<td>Senior Buyer, Category Manager, Contracts Manager, Contracts Officer, Logistics Manager, Supply Chain Executive.</td>
</tr>
<tr>
<td>Operational</td>
<td>Buyer, Procurement Specialist, Supply Chain Analyst, Procurement Executive, Procurement Officer, Supply Chain Planner, Logistics Analyst.</td>
</tr>
<tr>
<td>Tactical</td>
<td>Purchasing Assistant, Assistant Buyer, Administrative Assistant, Stock Controller, Contracts Administrator, Inventory Planner, Assistant Contracts Officer.</td>
</tr>
</tbody>
</table>
During the reporting period, Australasia experienced a slow-down in growth, driven mainly by the fluctuation in the Chinese import market upon which the region is highly dependent.

It is perhaps unsurprising that, along with increased competition within the global economy, this has created greater pressure for businesses to be more efficient and commercially astute.

One of the major findings of our 2018 survey as in all other regions we report on has been the continued struggle for employers to find the right procurement talent. In Australia, this could be due to the move from a resource to a service economy, changes in migration laws and foreign investments; all have an impact on the availability of skilled resources. A sign that organisations are recognising the value that professionally trained staff can play is this year’s increased earning power of MCIPS professionals, demonstrating that organisations are willing to invest in talented professionals.

We are pleased to report an increased number of MCIPS female professionals and a reduction in the gender pay gap. This signifies a growing focus within the profession on relationship management skills and growth in the number of women making their way to senior leadership roles.

In terms of benefits, flexible working tops the list and, particularly for those working in government; this is due to the long distances professionals need to travel for work but also reflects a growing emphasis on achieving better work-life balance in order for organisations to improve staff motivation and performance.

Mark Lamb
General Manager, Asia Pacific
Chartered Institute of Procurement & Supply

Heightened skill shortages have been a key feature of Australia’s procurement recruitment market over the past year. With cost and efficiency improvements a focus, and technological advances offering decision makers greater visibility and control of their costs and contracts, procurement professionals are in solid demand.

In response, private sector employers now elect to secure top talent long-term in permanent positions. Meanwhile temporary and contract recruitment remains the focus in the public sector.

In terms of the active industries, professional and services organisations have seen rising demand for procurement experts, while the marketing and ICT categories are busy.

Procurement professionals with construction and engineering experience remain in demand, particularly in NSW and Victoria.

Meanwhile, Category Managers with end-to-end procurement skills are sought in the Eastern Seaboard as teams become strategically focused on adding value and saving costs. Category Managers are also needed in Western Australia and Queensland’s resources and mining market.

As our 2018 DNA of a CPO report shows, hiring managers across the public and private sectors increasingly look at a candidate’s soft skills, including stakeholder management, commercial acumen and the ability to influence. While such skills were not sought five years ago, today being responsive, agile and open to change are essential.

Tim James
Managing Director
Hays Procurement, Australia

Across New Zealand we’re seeing demand for procurement professionals with end-to-end procurement experience and those with relationship building and stakeholder management skills. Procurement experts with strong category management experience are needed too, particularly if they possess an IT, property or construction background.

Meanwhile, the automation and digitisation of the supply chain will see demand rise for professionals with e-commerce experience. Another trend is the increasing number of long-term contract roles. Contract lengths have increased too, with 12 month and two-year contracts more common.

Jason Walker
Managing Director
Hays Procurement, New Zealand
Salaries and bonuses

When we began reporting on Australasia, the highest average salaries were in the Private Sector and this is no different in 2018. However, in terms of the largest rise in average salaries, the top-performing sector was the Charity/Not For Profit Sector, which is likely to be due to increased recognition of the value of procurement staff. Salaries here have risen from AUD 96,033 in 2017 to AUD 127,750 and now exceed salaries in the Public Sector.

Women continue to earn less than men at all levels apart from Tactical, with the largest gender pay gap seen at Advanced Professional level where men earn on average 16% more than women. More encouraging is the reducing pay gap we are identifying at Managerial level (from 26% in 2017 to 9%) and Professional level (from 17% to 12%). It remains to be seen whether Advanced Professional, Operational and Tactical levels will follow suit and we will continue to monitor this with interest.

Again this year, 66% of procurement professionals received a salary increase and 34% received a bonus, 3% more than last year. MCIPS members also enjoyed a greater advantage this year, earning on average 22% more than their non-MCIPS colleagues compared to 16% more in 2017. This signals the continuing increased recognition of professionally trained staff, especially at Managerial level and above.
Since 2017, we have seen no change in the most commonly received benefits. Flexible working tops the list (particularly for those working in government) and is on the increase, rising from 53% of procurement professionals benefitting in 2016, to 54% in 2017 and 57% in 2018. This is due to an increasing emphasis we see being placed on work-life balance, so by adopting a flexible approach, organisations can achieve better staff motivation and outcomes.

Work mobile phone remains the second most commonly received benefit, perhaps due to the fact that mobile contracts in the region are slightly higher compared to the rest of the world and so this benefit is still perceived as good added value. The proportions of respondents having professional body membership fees paid by employers and receiving support for study/career development have reduced slightly, by 9% and 7% respectively, which may be as a result of on-going economic challenges.

58% of procurement specialists with responsibility for recruitment stated that they struggled to find the right procurement talent in the last 12 months, 5% more than 2017. This could be due to current economic challenges leading to fewer people moving jobs and less money being available for study support and training. In 2017, no single recruiting challenge was identified by more than 50% of our respondents. In 2018, 53% of respondents stated lack of sector skills (16% more than in 2017) was an obstacle to recruiting new staff and 50% (5% more than 2017) gave budget restraints as a key reason. The fact that lack of sector skills tops the list of challenges is due to the high turnover of staff we see in the region, leading to an unwillingness to invest in training and development.

Other notable changes since 2017 were: 9% fewer respondents citing a lack of technical skills/evidence of formal procurement training as a challenge; and 6% fewer citing internal processes/HR.
Importance of key skills

At every level of professional seniority, we continue to see how important communication/soft skills are for people to do their jobs well, with more than 80% of respondents at each level identifying them as such. In line with the CIPS Global Standard, other notable findings at these levels are as follows:

- Leadership, raising the profile of procurement and influencing skills are in the top five at Advanced Professional level
- Influencing skills also feature in the top list of skills at Professional and Managerial levels
- Negotiation is seen as important at Professional, Managerial and Operational levels

Top skills in demand by job level
A fresh approach to professional development

Metro Trains

Metro has a strong commitment to the development of its people, having already received the Victorian Employer Award for Apprentice Development (2016), the Victorian Large Employer of the Year Award (2016) and Australian Large Employer of the Year Award (2016).

When Jason Westwood the General Manager of Procurement and Supply Chain set the goal of attaining CIPS Advanced Certification, he knew the professional development component of the certification process would be a great opportunity to identify some of the skill gaps within the team, and formalise a succession plan that would be in line with the company ethos.

Jason had two main objectives going into this project, “I wanted a framework that would support our commitment to individual development and enable a succession plan. To me, a team that knows where they’re headed and is given the tools, experience and knowledge they need to get there is a much more engaged, and ultimately productive, team. Of course, the investment in people is not purely altruistic, the benefits of retaining knowledge and skills in the team over time allowed us to achieve the second objective; to deliver a return on investment via improved procurement outcomes.”

Taking advantage of internal capabilities within the team, Procurement and Supply Chain Manager Gordon Donovan led the development of a competency framework specific to the requirements of the business. Once the technical and behavioural capabilities were defined by role and assessed by the individual and their manager, the next stage was to identify the gaps required to be filled for their current and future roles. There were two main components to determine how the skill gaps would be addressed. The first was to understand the individuals’ learning style. Rather than focusing on a one-size fits all training program, they tailored programs for each team member based on their preferred learning style.

"In the past we, like most organisations similar to us, concentrated on standard training programs for all. Whilst this can work and will add value to the team, it may not give the best return on investment. By understanding the individuals’ learning style we were able to see both common competency development requirements, and also common learning styles to ensure that value was received back for every dollar (both physical and time) invested,” said Gordon.

The second component was to personalise each team member’s development plan by leveraging existing public learning materials such as podcasts, articles, projects, webinars and vodcasts that suited their preferred learning styles. In addition, a monthly newsletter with curated materials for all learning styles is sent to the team for their consumption.

“Since implementing this competency framework we have adopted a continual professional development attitude, assessing each year to track the improvements and the impact of the development work undertaken and the materials provided.

“This program has had a significant positive impact on the team, with 85% voluntarily enrolling and completing it in the first year. They realise the impact it has on their career development and can see a clear path ahead.”

Gordon Donovan
Formerly Procurement and Supply Chain Manager
Metro Trains Melbourne

Samantha Morey
Sales Coordinator
Metro Trains Melbourne

www.CIPS.org/salarysurvey
How procurement is viewed

Overall, we have seen a less positive picture of the regard for procurement than in 2017. 70% of procurement professionals feel that procurement is valued within their organisation, a decrease of 7% since 2017, and this may be down to cost cutting during a period of recession and lack of training. 10% fewer respondents than 2017 feel that procurement is engaged at the start of a project, and 3% fewer that the perception of procurement has improved in the last 12 months.

On the other hand, slightly more of our respondents feel that other departments within their organisations understand the value of procurement. 5% more than in 2017 feel that Directors and Heads of other departments understand what procurement specialists can offer; and 3% more that staff in other departments recognise their value.
Conclusion...

Diversity is key to outcomes and successes

It is not a surprise that the procurement and supply chain market for talent continues to be buoyant. More and more of those at the top are recognising the value and skills of our profession and the direct contribution we can and do make to organisational purpose, strategic aims and objectives – well beyond costs and efficiencies.

But, despite our growing profile and reputation as enablers and innovators, it is sobering that we, as a profession, do not yet appear to be bucking the continued media headlines on the ever-present gender pay gap.

Whilst it was interesting to note from the report that there are roles where women earn more than men at tactical levels, what does that say about our drive to encourage more women up the ladder to senior leadership positions?

As individuals, we need to own our learning and development. We should be proactively equipping ourselves with the skills and qualifications we need to meet the emerging challenges of businesses with a key focus on commercial, leadership and what some refer to as ‘softer’ skills. We need to be self-aware and make time for continuous professional development, ensuring we invest in keeping our skills current and relevant - volunteering for projects or roles that will widen our knowledge, skills and networks.

Attracting and Retaining Talent

In an ever-tightening budgetary environment, it is very clear that we do not often have the luxury to offer bonuses or reward packages and the report suggests that, “employers, in the fight for skills, are investing more in their own teams via benefits and training” and that there is a, “compelling reason for organisations to invest in talent retention strategies, building their teams from within and succession planning.”

We should celebrate our unique skills and competencies and recognise that gaining more experience in our current roles, or a sideways move, will undoubtedly help us to develop the breadth and depth of experience required to operate competently at higher levels. By thinking about and planning our career trees and taking time to move and gain experience across different branches of learning, we will be better enabled to reach and operate effectively at higher levels than we could achieve by climbing straight up a career ladder too quickly. Honing and applying our emotional intelligence will strengthen our grip.

In addition to embedding policies to ensure that anyone committing or spending company or tax payers’ money with third parties has the relevant skills, qualifications and experience commensurate to their authorised procurement authority – their license to procure - we must ensure our professionals stay current. We need to create and enable a learning culture and continue to invest in targeted development programmes to help attract and retain talent – with a particular focus on emotional intelligence and cross-functional collaboration.

And as a profession, we need to maintain our vibrant procurement communities, sharing and benchmarking our approaches and practices to ensure that we take full advantage of the impact that procurement can and does make within our respective economies.

Nikki Bell FCIPS
Chair of CIPS Congress
Member of the CIPS Global Board of Trustees
Deputy Director (Acting) and Head of Profession, Scottish Procurement and Commercial Directorate, The Scottish Government

The year ahead brings a number of challenges and uncertainty. However, with the right skills, the procurement profession will no doubt continue to rise to the challenge and establish itself as a vital component to the success of organisations. Improved diversity will play a role in this success, and procurement leaders must step up to both recognise and facilitate change to bring about a more diverse and equal workforce. Combine this with a focus on soft skills development, and the outlook for the pipeline of talent and future procurement leaders will be a positive one.

Scott Dance
Director
Hays Procurement & Supply Chain
About CIPS, the Chartered Institute of Procurement & Supply

The professional body
CIPS, a not-for-profit organisation that exists for the public good, is the voice of the profession, promoting and developing high standards of skill, ability and integrity among procurement and supply chain professionals.

Quality guaranteed
Our qualifications are recognised by OFQUAL in England and regulators in various countries, demonstrating that they meet specific quality standards.

The Global Standard
CIPS Global Standard in Procurement and Supply, which is freely available, sets the benchmark for what good looks like in the profession.

A commercial organisation
CIPS helps governments, development agencies, and businesses around the world to excel in procurement and supply, supporting them to improve and deliver results and raise standards.

A global community
We are the world’s largest professional body dedicated to procurement and supply with a global community of over 200,000 professionals in over 150 countries, and offices in Africa, Asia, Australia, the Middle East, Europe and USA.

cips.org
CIPS™ is a registered trademark of the Chartered Institute of Procurement & Supply