

**FROM THE FOUNDING SPONSOR**



**TSI GROUP INC.**

**Human Resource and Business Solutions**

TSI Group is extremely pleased to partner with Canadian Transportation & Logistics, SCL and Laurier Business & Economics for the eighth consecutive year in co-sponsoring the most comprehensive industry specific survey of its kind in Canada, the salary survey of supply chain professionals.

The supply chain profession has continued its evolutionary progress toward corporate optimization, and continues to raise the bar towards excellence, thereby heightening its profile and importance within the corporation.

TSI Group is a full service provider of human resource and business solutions, as well as a provider of corporate training to the supply chain and logistics industry. We recognize the importance of supply chain excellence. We look forward to the results of this year's salary survey and to streamlining future surveys to meet the needs of the supply chain profession.

**FROM THE SUPPORTING PARTNERS**



Supply Chain & Logistics Canada (SCL) is pleased to be a partner in the delivery of this comprehensive study of logistics professionals. With a mission to advance the logistics and supply chain profession in Canada through communication and networking; education and training; and knowledge and leadership, SCL focuses on developing the skills of Canada's logisticians. The Association's research endeavours and highly rated educational programs cover many aspects of the supply chain, including human resource development.



Laurier Business & Economics is proud to be a supporter of the eighth annual Survey of the Canadian Logistics Professional. Wilfrid Laurier University's School of Business & Economics is one of Canada's largest business schools.

As supply chain and logistics management transforms business practices by linking strategic planning with information technology and general management, Laurier Business & Economics is creating educational opportunities for professionals in this growing field.



# The eighth annual Survey of the Canadian Logistics Professional

**S**upply chain professionals put a lot into their careers, accepting increasing amounts of responsibility and dealing with more stress and uncertainty as supply chains become more complicated and extended. Naturally they want to know that their efforts and long hours are being appropriately rewarded - that, as our headline suggests, there really is a pot of gold at the end of their rainbow. And the many managers in charge of attracting and retaining the talent necessary to run their supply chains also need to know what makes for a competitive package.

But just how much should a supply chain professional make? And which factors are the most influential in determining pay levels? These are the types of important questions our survey is designed to answer. And having done so for the past eight years we have also accumulated a great deal of trending information, providing valuable insights into how pay packages for the supply chain profession are evolving.

We are proud to announce that this year our survey includes the input of more than 1,000 respondents.

In the following pages you will find a detailed analysis of pay and bonus packages. The various breakouts are presented and designed to provide a strong indication of how corporate/industry factors (such as size of company or logistics budget) and personal factors (such as experience and education) affect pay packages. We hope the data will provide supply chain professionals with a clear indication of where they stand in terms of their total compensation package, which factors are the most important in determining pay levels, and what they can realistically expect for the coming year.

The pot of gold at the end of your rainbow is important, but it's not the only ingredient to job satisfaction. Our report is spread out over two issues so that we may bring you additional critical information our survey collects about the work life of the Canadian supply professional. In this issue we will also take a look at respondents' experiences in trying to access adequate training. We asked an open-ended question on training and some of the more representative comments are included at the top of each page in this report. In the next issue, we will provide benchmark data on such key areas as mobility, turnover, education, job function, projects implemented, gender differences and job satisfaction. For the first time this year we will also examine how difficult it is becoming to attract and retain talent in a special report.

As with all past years we enlisted the help of professional research consultants G. Bramm & Associates to compile and analyze the data and to ensure the accuracy of the survey.

A survey of this size is a considerable undertaking and would not be possible without the continuing support and insights of our founding sponsor TSI Group, and our supporting partners, Supply Chain & Logistics Canada, Laurier Business & Economics. The incredible response we received this year, as well as in past years, has much to do with their involvement.

The greatest thanks goes out to the hundreds of supply chain professionals who take the time each year to fill out our comprehensive survey and also make sure to provide detailed comments to our open ended questions. We know how busy you are - heck, the data tells us exactly how busy you are down to the half hour - so we are very grateful for your contributions every year.

We are confident our annual survey provides the most accurate and comprehensive reflection of the Canadian logistics profession available today. And we look forward to presenting and commenting on the results, as well as providing more detailed information than we have room to show in this issue, at industry gatherings throughout the year.

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*Lou Smyrlis*  
Editorial Director

Canadian supply chain professionals are outdoing both their own expectations and recent trends when it comes to fattening their pocket books, the results of our 8th annual salary survey, completed at the close of 2006, indicate.

The average pay increase across all positions in 2006 was 4%, which although still short of the 4.4% average increase posted back in 2002 is an improvement over the 3.9% increase experienced in 2005 and considerably better than the 3.7% increase to their base salary last year's respondents told us they were expecting for 2006. Similar to previous years, the majority (51%) received an increase in the range of 2.1-4%. But a greater proportion (16% of respondents versus 13% the previous year) did better than that with increases in the 4.1%-6% range. Another 8% pulled off raises in the 6.1-10% range and 6% of our survey sample did very well in 2006 with pay increases above 10%.

More importantly, the pay hikes in 2006 were more equally shared with 74% of respondents receiving an increase. That brought an end to four years of consecutive declines in the number of supply chain professionals receiving an increase. Only 68% received an increase in 2005 compared to 72% in 2004; 73% in 2003; 76% in 2002 and 82% in 2001.

**BASE SALARY INCREASES**

	2006	Expected for 2007
Received increase	74%	82%
Did not receive	25%	17%
<b>Size of increase</b>		
Less than 2%	19%	16%
2.1 to 4%	51%	56%
4.1 to 6%	16%	18%
6.1 to 10%	8%	5%
Greater than 10%	6%	4%
Average	4%	3.7%

**TOP FACTORS IMPACTING SALARY LEVEL**

FACTORS	% OF VARIATION FOR BASE SALARY
1. Position in organization	29.7%
2. No. of years in logistics	11.4%
3. Logistics budget	10.0%
4. Hours worked per week	9.2%
5. Age	9.0
6. Company size (sales)	4.8%
7. Education	3.8%
8. Metropolitan area	1.5%
9. Company size (employees)	0.8%
10. No. of direct reports	0.7%
11. Province	0.7%
12. Sector	0.7%

"There is no real strategy for training; I am expected to identify training needs, find appropriate resources and arrange the training myself."



### COMPENSATION BY POSITION

POSITION	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
Executive Managers	\$110,652	\$15,799	\$125,674
Senior Managers	\$85,690	\$10,173	\$95,877
Operations Managers/ Supervisors	\$64,408	\$3,324	\$67,735
Support & Sales Staff	\$54,941	\$2,933	\$57,881

Two thirds – the exact same amount as the previous year – also reported receiving a bonus.

Despite the improved performance, expectations for next year are no better. When the individual respondent expectations for a salary increase in 2007 were combined into an average it was no better than last year's average: 3.7%. And they were divided pretty well right down the middle about whether their salary levels have kept pace with their growing responsibilities over the past five years. They report that their salaries have increased 16%, on average, over the past five years but are only mildly satisfied with this, ranking it a 2.3 out of 4 on our satisfaction scale.

### RESPONDENT PROFILE

Consistent with previous surveys, the vast majority (78%) of the more than 1,000 supply chain management professionals included in our sample defined themselves as being in the management ranks of their organizations. The average age of respondents was 44, which is slightly down from the average age of 46 reported last year. Similarly, they had one year less of industry experience compared to the previous year: 17 versus 18. There were more female respondents this year, making up 23% of the sample.

Respondents performed a variety of functions. The most frequently mentioned remained transportation with 4 out of 5 having responsibilities in this discipline. Other functions mentioned by at least half the sample included warehousing/inventory control; and customs.

The majority of respondents (44%) were employed by companies in the manufacturing sector. Another 15% were employed in the retail sector while those working for third-party logistics providers and the logistics arms of transportation companies each made up a 20% slice of the respondent pie.

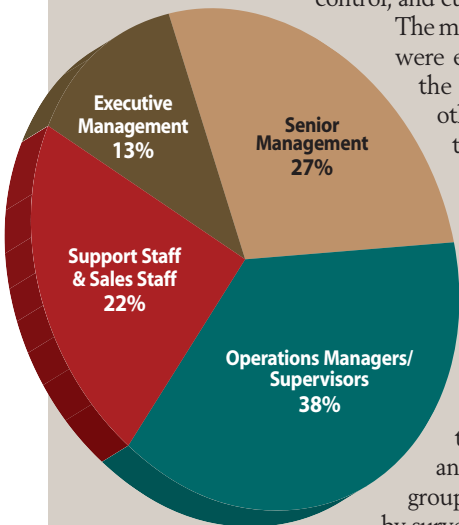
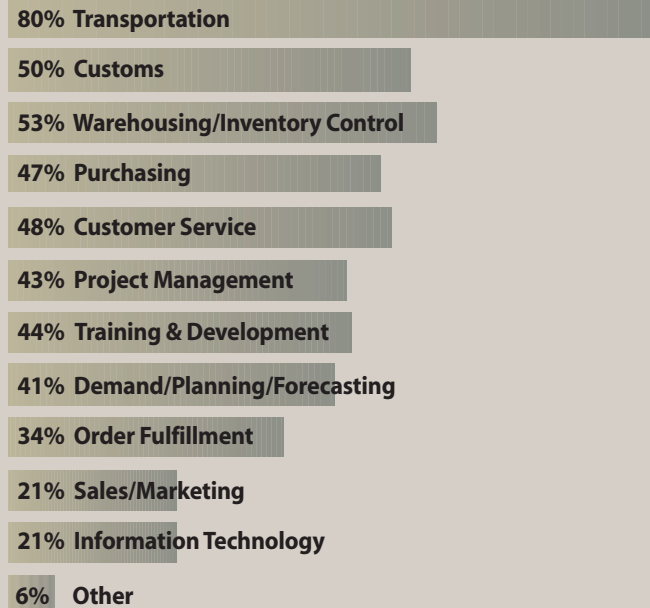
Industry-wise, consumer products, food and kindred products, automotive, high tech and chemical and allied products were the groups most highly represented by survey respondents.

More than half (54%) of respondents worked in Ontario while 10% worked in Quebec, 19% in the Prairies, 9% in BC, 3% in the Maritimes and another 3% in the Yukon, Nunavut and Northwest Territories.

The respondents also came from a mix of small, medium and large companies.

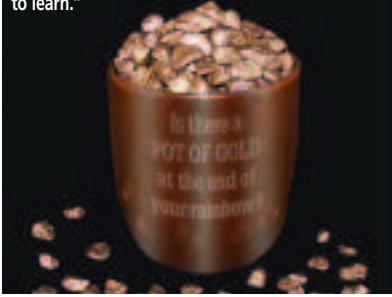
### LOGISTICS JOB FUNCTIONS

(% of respondents who perform function)





"Our company makes us do 52 hours worth of training a year. If you do not, you lose your chance for profit sharing and bonus. I feel that this is important so that you better yourself and continue to learn."



### COMPENSATION BY SIZE OF LOGISTICS BUDGET

SIZE OF BUDGET	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
Less than \$100K	\$63,478	\$2,554	\$66,033
\$100k - \$500k	\$60,416	\$2,694	\$63,028
\$500k - \$1M	\$64,187	\$3,307	\$67,470
\$1M - \$5M	\$71,996	\$6,162	\$78,180
\$5M - \$10M	\$74,415	\$5,681	\$80,134
\$10M - \$20M	\$74,520	\$8,779	\$83,260
\$20M +	\$88,672	\$11,388	\$99,663

### COMPENSATION BY COMPANY SIZE (Annual Revenues)

ANNUAL REVENUES	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
\$5M or less	\$62,936	\$3,664	\$66,609
Over \$5M to \$15M	\$61,405	\$3,694	\$65,100
Over \$15M to \$30M	\$62,444	\$4,553	\$66,892
Over \$30M to \$60M	\$74,583	\$6,639	\$81,223
Over \$60M to \$100M	\$79,723	\$5,656	\$85,338
Over \$100M to \$500M	\$82,553	\$8,626	\$91,258
Over \$500M to \$2B	\$75,744	\$8,200	\$82,842
Over \$2B	\$84,238	\$10,256	\$94,591

### COMPENSATION BY COMPANY SIZE (No. of Employees)

NUMBER OF EMPLOYEES	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
25 or less	\$68,279	\$4,272	\$72,538
26 to 100	\$62,192	\$4,525	\$66,753
101 to 500	\$71,787	\$6,409	\$78,160
501 to 1,000	\$83,653	\$7,710	\$91,363
1,001 to 5,000	\$80,689	\$7,641	\$87,802
5,001 to 25,000	\$77,176	\$9,714	\$86,422
More than 25,000	\$77,063	\$7,217	\$84,429

The average base salary for 2006 across all positions came in at \$73,300; the average bonus was \$6,520. In combination, the average salary and average bonus make for an average total compensation package of \$79,820 for the more than 1000 supply chain professionals included in our sample. That actually represents about a \$2,000 drop from the average total compensation package reported with last year's survey. But there's no reason to worry. The decline is explained through some small but important changes in the makeup of this year's survey sample, which provided a downward bias in salaries rather than an actual decline in supply chain pay packages. The average base salary figures take into account the salaries reported by supply chain professionals representing all levels of corporate hierarchy from executive management to support roles and from various sectors. Our latest survey had a larger proportion (+3%) of participants from the manufacturing sector, which tends to pay lower salaries, and a smaller proportion of participants (-3%) from the third-party logistics and transportation sectors, which tend to pay higher salaries. More importantly the downward bias in our latest survey was affected by the fact it included 5% fewer respondents who were part of their company's executive management ranks, and so enjoy the highest salaries, and 7% greater participation from those involved in support and sales roles within the supply chain, who typically report the lowest salaries.

So, for example, when examined by position, total compensation has risen for three of the four corporate levels of hierarchy within which supply chain positions fall and our survey tracks. Those considered to be executive managers within their companies enjoyed an average total compensation package of \$125,674, a 1.4% increase over the previous year. Senior managers had an average total compensation package of \$95,877, a 2.9% increase, while operations managers pulled in \$67,735 on average, a 4.1% increase. Only supply chain professionals who would be considered to have support or sales roles within their companies showed a decline in their total compensation and it was a slight one (\$57,881 versus \$58,310 the previous year) which can likely be at least partially explained by the increase in the sample size for this year's survey.

What these figures do point out, however, are the differences in pay levels attributed to a variety of factors such as the sector you work in, the region of the country in which you are based, the size of company for which you work, and how highly your company values the role of supply chain management within the corporate hierarchy.

Our survey takes into account 12 different factors to provide you with as accurate a picture as possible about

"Staying abreast of all the regulatory and security requirements requires on-going training. Many companies don't recognize the relevance of these issues, as 'Logistics', but rather as shipping/receiving, which tends to be much lower on the value added scale."



**COMPENSATION BY GEOGRAPHIC REGION**

REGION	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
B.C.	\$71,802	\$5,118	\$76,980
Prairies	\$73,476	\$6,121	\$79,547
Ontario	\$73,409	\$7,251	\$80,444
Quebec	\$69,414	\$5,507	\$74,985
Maritimes	\$65,350	\$6,553	\$71,903

**COMPENSATION BY METROPOLITAN REGION**

METRO REGION	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
Calgary	\$105,335	\$7,832	\$113,168
Edmonton	\$68,948	\$6,010	\$74,958
Halifax	\$38,500	\$16,875	\$55,375
Hamilton	\$73,188	\$8,000	\$81,188
Mississauga	\$75,624	\$9,219	\$83,974
Montreal	\$73,831	\$5,833	\$79,737
Ottawa-Hull	\$81,237	\$9,768	\$91,006
Toronto	\$75,794	\$6,798	\$82,648
Vancouver	\$69,259	\$4,406	\$73,679
Winnipeg	\$60,634	\$6,480	\$67,114

**COMPENSATION BY NUMBER OF EMPLOYEES MANAGED DIRECTLY**

NUMBER OF EMPLOYEES	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
1-2 employees	\$72,569	\$4,854	\$77,423
3-5 employees	\$76,809	\$7,804	\$84,666
6-10 employees	\$87,591	\$10,508	\$97,748
11-20 employees	\$71,921	\$5,912	\$77,169
21+ employees	\$82,700	\$9,309	\$91,699

**COMPENSATION BY SECTOR**

SECTOR	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
Manufacturing	\$73,001	\$5,841	\$78,656
Retail	\$72,330	\$7,454	\$79,428
3PL	\$73,764	\$7,089	\$80,897
Transportation	\$73,562	\$6,997	\$80,607

how they influence pay levels (see the accompanying charts). It is also the only survey in the Canadian supply chain market that includes a formula that helps explain how each of these factors relates to each other – in other words, which factors are most important and which least important in determining pay levels. The statistical procedure we employ is called coefficient of determination and measures the impact of factors such as experience, size of company and position in the organization on total compensation. It also allows us to measure the degree of importance of one factor over another in helping determine pay. (See the *Top Factors Impacting Salary Level* on p. 14.)

Examining the corporate factors first, the most important factor in determining a supply chain professional's salary is position in the organization. This goes beyond the obvious observation that the higher you climb up the corporate ladder the more money you can expect to make. It speaks to the fact that the importance a company places on its supply chain management function will most likely determine if supply chain management is considered an executive or senior level position within the company or an operational or support staff role. Understanding your company's perspective when it comes to the value of supply chain management is critical; our computation found that position within the company is almost three times as important as experience and size of logistics budget in determining salary level.

Let's consider the supply chain professional in an operations management or supervisory role as these folks make up the greatest percentage of our sample. On average an operations manager/supervisor has a total compensation package of \$67,735. But it is almost a \$28,000 jump to the senior management level and another almost \$30,000 to the executive ranks.

True, the much greater base pay and bonus enjoyed by those in the executive ranks is tempered by the fact they continue to bear the brunt of any company belt-tightening. In recent years, executive managers have found it considerably more difficult than supply chain professionals in lower management levels to secure a pay increase or bonus. While 76% of those considered supervisors or operations managers secured a pay increase last year, as did 81% of those in senior management, and 72% of those in support or sales roles only 59% of executive managers responding to our survey received a pay increase. Similarly, executive managers are the least likely to expect a raise for 2007. Only 77% believed they would get a pay hike compared to 88% of senior managers, 79% of operations managers and supervisors and 83% of those in support and sales roles.

However, the executive managers that were rewarded with a pay hike in 2006 made out better than those in all

"We do not train adequately for most positions. Due to the growing need to become efficient, there are multiple tasks that need completion, with little regard to who will do them while training of new staff is done."



### COMPENSATION BY AGE

AGE	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
35 and under	\$58,307	\$3,100	\$61,407
36 - 40	\$66,775	\$7,431	\$74,264
41 - 45	\$74,638	\$7,401	\$81,764
46 - 50	\$87,430	\$6,749	\$94,206
51 - 55	\$74,950	\$7,462	\$84,480
56 +	\$84,266	\$9,059	\$93,267

### COMPENSATION BY YEARS OF EXPERIENCE

YEARS IN LOGISTICS	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
5 or less years	\$62,272	\$3,143	\$65,416
6-10 years	\$59,751	\$4,324	\$63,722
11-15 years	\$70,748	\$5,951	\$76,700
16-20 years	\$77,120	\$7,542	\$84,797
21-25 years	\$78,937	\$7,984	\$86,270
26-30 years	\$86,004	\$8,148	\$94,191
31-35 years	\$90,647	\$11,924	\$102,729
36-40 years	\$95,466	\$15,564	\$111,500

### COMPENSATION BY HOURS WORKED

NUMBER OF HOURS WORKED	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
41 to 45	\$69,962	\$4,777	\$74,766
46 to 50	\$76,830	\$7,471	\$84,305
51 to 55	\$86,758	\$9,123	\$95,882
56 or more	\$86,697	\$11,117	\$98,927

### COMPENSATION BY EDUCATION

EDUCATION LEVEL	AVERAGE BASE SALARY	AVERAGE BONUS	AVERAGE TOTAL COMPENSATION
College degree	\$69,476	\$6,169	\$75,319
Bachelor university degree	\$76,820	\$7,281	\$84,092
Post grad. degree	\$83,584	\$9,157	\$91,744

other management positions, averaging an increase of 5.4%, compared to 4.2% for senior managers, 3.6% for operations managers/supervisors, and 3.9% for those in support and sales roles. And executive and senior managers are more likely to receive a bonus. Only about a quarter of executive and senior managers did not receive a bonus last year, compared to almost 40% of operations managers and supervisors, support staff and those in sales roles. It should be no surprise then that executive managers are the happiest with their salary increases over the past five years, rating them a 2.6 out of 4 compared to a 2.4 satisfaction rating among senior managers; 2.1 among operations managers and supervisors; and 2.0 among support and sales staff.

Size of logistics budget – hence responsibility – also plays an important role in determining pay scales. Only supply chain professionals working for companies with logistics budgets over \$5 million earned above the average total compensation and there were sizeable increases the larger the budget got. For example whereas those with logistics budgets in the \$1-5 million range were pulling in about \$12,000 more than their counterparts with logistics budgets smaller than \$100,000, they were earning about \$20,000 less than those working for companies with the largest budgets (those working for companies with logistics budgets in excess of \$20 million were pulling in close to \$100,000.)

Company size also makes an important difference. Only supply chain professionals working for companies with more than \$30 million in annual revenues earned a total compensation package above the industry average. There is significant difference in pay – almost \$30,000 – in working for a small company versus working for a large company. Supply chain professionals working for small companies (annual revenues of \$5 million or less) averaged a total compensation package of \$66,609 whereas those working for large companies (annual revenues of \$2 billion or more) were making an average of \$94,591.

Geographic location is another influence on pay. Supply chain professionals working in Ontario are the best off, their salaries buoyed by the lofty pay in the Toronto market. They make \$80,444 in average. But salaries in the Prairie provinces, heavily influenced by the boom in Alberta, are right behind, coming in at an average of \$79,547. Pay in the Maritimes has traditionally been the lowest. The average total compensation in that region this year was \$71,903.

"Our company introduced an ISO procedures manual, designed mostly by employees describing their positions. This actually helped define many responsibilities previously not evaluated or technically assigned to specific employees."



Of the 10 major metropolitan areas tracked by our survey, six were paying above the survey average this year with Winnipeg, Edmonton, Vancouver and Halifax total compensation packages coming in below the mark. Toronto and Calgary traditionally battle for the top average total compensation package and this time booming Calgary pulled ahead by a significant amount. The average total compensation package for supply chain professionals working in Calgary was \$113,168.

Pay levels can also be affected by the size of staff managed but managing more staff doesn't always mean more money. For example, supply chain professionals managing 1-2 employees and those managing 11-20 employees made roughly the same amount on average.

The survey also examined total compensation packages in four different sectors: manufacturing, retail, third-party logistics and transportation. The third-party logistics sector continues to stay ahead of the pack in compensation but the margin continues to shrink. Supply chain professionals working in this sector made \$80,897 on average, compared to \$80,607 for those working in the logistics arms of

transportation companies; \$79,428 for those working in retail; and \$78,656 for those working in the manufacturing sector.

Personal factors affecting pay that are annually tracked by our survey include age, hours worked, education and experience. Consistent with past years, supply chain professionals appear to reach their primary earning potential between ages 46 and 50, earning \$94,206 on average. That's more than a \$30,000 jump from the \$61,407 made by those under age 35.

Years of experience has a similar influence on pay levels. Our survey found an about \$45,000 difference between those with 5 years or less of experience and those with more than 36 years of experience. There's an about \$10,000 increase in pay for every decade of additional experience.

Hours worked, our survey indicates, is also a factor in determining pay levels but, as noted in past surveys, this is somewhat misleading because the number of hours worked is often tied to the level of responsibility assigned to a position. Executive managers, for example, work an average of 53 hours a week, which is three more hours of work a week than the average put in by senior managers, five more than the aver-

age put in by operations managers/supervisors and six more than those in support or sales roles.

Finally, let's look at education. Does a higher education hold monetary rewards? Without a doubt, yes. Supply chain professionals with a college degree earn \$75,319 on average while those with a bachelor's university degree earn \$84,092 and those with a post-graduate degree earn \$91,744.

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**NEXT ISSUE: PART II**

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## SURVEY METHODOLOGY

E-mail invitations were sent out to 4,182 supply chain professionals across Canada in November. The e-mail addresses were derived from a subset of Canadian Transportation & Logistics' subscription lists.

TSI Group and JobsInLogistics.ca also forwarded our invitation to supply chain professionals using their human resource services. Supply Chain & Logistics Canada and CITT forwarded our invitation to their members as well.

After filtering out unqualified respondents and incomplete surveys, we compiled data from 1,003 respondents, our largest response to date.