

The Roles of Education & Experience in Procurement

Procurement & Sourcing Survey Whitepaper Series

Part 2

MOBILITY WITHIN THE PROCUREMENT INDUSTRY CAN BE ATTRIBUTED MORE TO EDUCATION THAN EXPERIENCE

Introduction

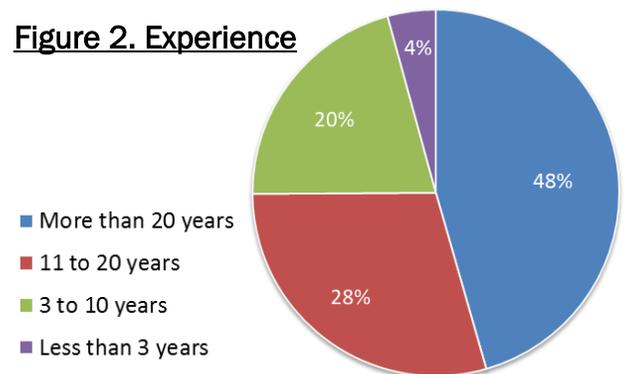
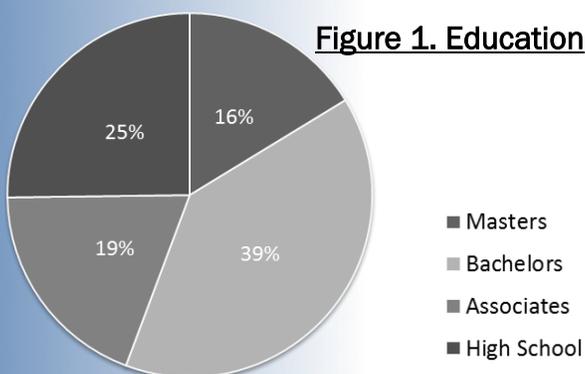
In 2012, Source One Management Services, LLC conducted a state of the industry survey, soliciting answers from professionals in all areas of procurement and from organizations of all sizes. The results have been combined, sorted, and analyzed to produce the clearest synopsis of the industry ever offered by those actively involved in it. Each month, relevant data sets will be explored and further analyzed as a prelude to a full-length presentation that will become available in 4Q 2013.

- ◇ *Procurement personnel are aging, with 76% having more than 11 years of experience*
- ◇ *Higher education is more prominent at the higher corporate positions*

Issue At Hand

As World War II veterans took advantage of the GI Bill, a higher education became something that was valued — a value that greatly increased when those veterans’ children saw higher education as a way to avoid the Vietnam drafts and gain a competitive advantage in the workforce. With four-year degrees virtually required for most professional positions in the current economic climate, one could expect that those entering the procurement profession today will likely have a four-year degree. But what does the procurement industry value more: education or experience?

Figures 1 and 2. Breakdown of procurement personnel by education and experience



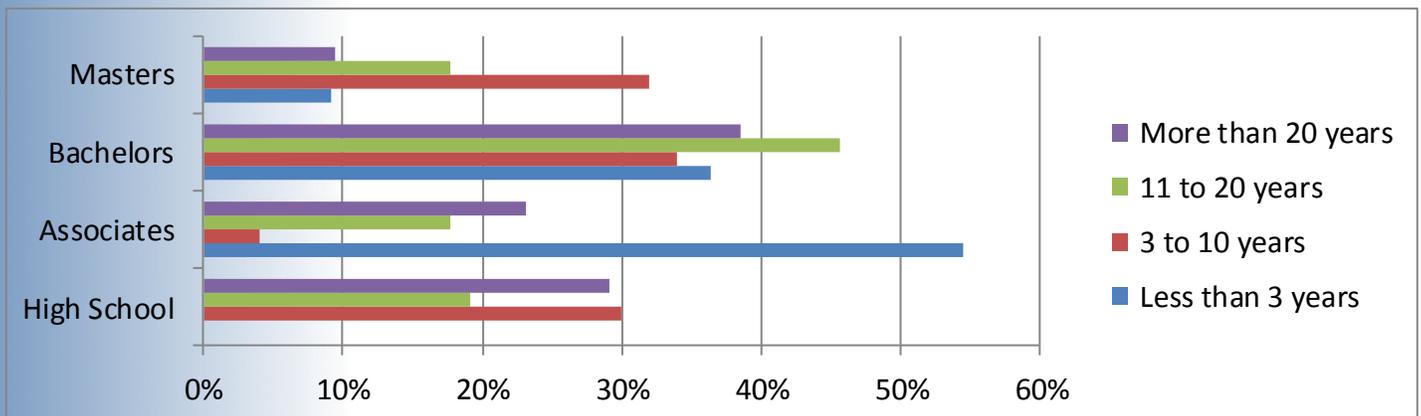
Of those responding to the question “What is your current education level” (Figure 1), a full quarter of the respondents had no more than a high school education, somewhat thwarting the axiom that a higher education is required in the modern business world, but not entirely as an overwhelming majority reported having pursued some sort of post-high school education, with a near majority (55%) having obtained a Bachelors (39%) or a Masters (16%). When looking at the experience breakdown of the procurement personnel that responded to the survey (Figure 2), the numbers skew up again, with a total of 76% of respondents reporting 11 or more years of experience and nearly half (48%) reporting more than 20. On the lower end of the experience scale, only 24% of respondents reported having less than 10 years of experience, with only 4% admitting to having less than three.

Figure 3. Education and Employment Length statistics, as reported by each corporate rank



Combining the two categories (Figure 3) offers more insight into which element plays a larger factor in the procurement field. Each corporate rank is predominantly staffed by individuals with more than 10 years of experience, with 40% of Procurement Coordinators, 50% of Managers, 38% of Directors, and 57% of VPs & CPOs registering more than 20 years in the industry. A preference for higher education emerges as the corporate ranks increase as well, with 78% of Directors and 69% of VPs & CPOs having Bachelors or Masters degrees, compared to just 50% and 55% at the Coordinator and Manager ranks, respectively.

Figure 4. Education reported as compared to years of experience



Likely the most telling set of data is found when comparing education level to years spent in the industry (Figure 4). Those newest to the procurement industry are the most heavily invested in education, with 100% of those with less than three years of experience and 70% of those with between 3 and 10 years of experience have obtained some sort of post-high school degree

Closing

Experience is valued at all corporate levels

While there was a wealth of data provided by the procurement personnel respondent's concerning both their education and experience within the industry, it is unclear if experience plays a role in a particular individual's achievement within the procurement industry. There was no clear separation across between corporate level when it came to experience – 40% of Procurement Coordinators have 20+ years of experience while only 38% of Directors do – but it was clear that experience prioritized

as a very small sliver of those within the industry have less than three years of experience.

Those in power have more education, but those with higher education are not all in power

A super-majority of VPs & CPOs obtained their Bachelors or Masters degrees, and an overwhelming number (78%) of Directors have completed a four-year education. It appears very clear that those who have climbed the corporate ladder have done so with the help of a college degree. It is also clear, however, that a college degree — much less a Masters — is the surefire way to corporate success, as 50% of Procurement Coordinators and 55% of Managers have a higher education.

There is a strategic shift emerging in the procurement industry

As new blood enters the procurement field armed with degrees and higher education, it will likely further the shift from old school methods rooted in tradition to new school sourcing methods rooted in strategy, securing a larger foothold for complex strategic sourcing methodologies, business acumen, and broad-based experience within the industry.



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