
Purchasing Managers, Buyers, and Purchasing Agents

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Significant Points

- About 43 percent are employed in wholesale trade or manufacturing establishments.
- Some firms prefer to promote existing employees to these positions, while others recruit and train college graduates.
- Employment is projected to have little or no job growth.
- Opportunities should be best for those with a college degree.

Nature of the Work

Purchasing managers, buyers, and purchasing agents shop for a living. They buy the goods and services the company or institution needs to either resell to customers or for the establishment's own use. *Wholesale and retail buyers* purchase goods, such as clothing or electronics, for resale. *Purchasing agents* buy goods and services for use by their own company or organization; they might buy raw materials for manufacturing or office supplies, for example. *Purchasing agents and buyers of farm products* purchase goods such as grain, Christmas trees, and tobacco for further processing or resale.

Purchasing professionals consider price, quality, availability, reliability, and technical support when choosing suppliers and merchandise. They try to get the best deal for their company, meaning the highest quality goods and services at the lowest possible cost to their companies. In order to accomplish this successfully, purchasing managers, buyers, and purchasing agents study sales records and inventory levels of current stock, identify foreign and domestic suppliers, and keep abreast of changes affecting both the supply of, and demand for, needed products and materials. To be effective, purchasing specialists must have a working technical knowledge of the goods or services to be purchased.

In large industrial organizations, a distinction often is drawn between the work of a buyer or purchasing agent and that of a *purchasing manager*. Purchasing agents commonly focus on routine purchasing tasks, often specializing in a commodity or group of related commodities, such as steel, lumber, cotton, grains, fabricated metal products, or petroleum products. Purchasing agents usually track market conditions, price trends, and futures markets. Purchasing managers usually handle the more complex or critical purchases and may supervise a group of purchasing agents handling other goods and services. Whether a person is titled purchasing manager, buyer, or purchasing agent depends somewhat on specific industry and employer practices. But purchasing managers often have a much larger range of duties than purchasing agents. They may actively seek new technologies and suppliers. They may create and oversee systems that allow individuals within their organizations to buy their own supplies, lowering the cost of each transaction.

Purchasing specialists employed by government agencies or manufacturing firms usually are called purchasing directors, managers, or agents; or contract specialists. These workers acquire materials, parts, machines, supplies, services, and other inputs to the production of a final product. Purchasing agents and managers obtain items ranging from raw materials, fabricated parts, machinery, and office supplies to construction services and airline tickets. Some purchasing managers specialize in negotiating and supervising supply contracts and are called contract or supply managers.

Often, purchasing specialists in government place solicitations for services and accept bids and offers through the Internet. Government purchasing agents and managers must follow strict laws and regulations in their work, in order to avoid any appearance of impropriety.

Purchasing specialists who buy finished goods for resale are employed by wholesale and retail establishments, where they commonly are known as buyers or merchandise managers. Wholesale and retail buyers are an integral part of a complex system of distribution and merchandising that caters to the vast array of consumer needs and desires. Wholesale buyers purchase goods directly from manufacturers or from other wholesale firms for resale to retail firms, commercial establishments, institutions, and other organizations. In retail firms, buyers purchase goods from wholesale firms or directly from manufacturers for resale to the public.

Buyers largely determine which products their establishment will sell. Therefore, it is essential that they have the ability to predict what will appeal to consumers. They must constantly stay informed of the latest trends, because failure to do so could jeopardize profits and the reputation of their company. They keep track of inventories and sales levels through computer software that is linked to the store's cash registers. Buyers also follow ads in newspapers and other media to check competitors' sales activities, and they watch general economic conditions to anticipate consumer buying patterns. Buyers working for large and medium-sized firms usually specialize in acquiring one or two lines of merchandise, whereas buyers working for small stores may purchase the establishment's complete inventory.

The use of private-label merchandise and the consolidation of buying departments have increased the responsibilities of retail buyers. Private-label merchandise, produced for a particular retailer, requires buyers to work closely with vendors to develop and obtain the desired product. The downsizing and consolidation of buying departments increases the demands placed on buyers because, although the amount of work remains unchanged, there are fewer people to accomplish it. The result is an increase in the workloads and levels of responsibility for all.

Many merchandise managers assist in the planning and implementation of sales promotion programs. Working with merchandise executives, they determine the nature of the sale and purchase items accordingly. Merchandise managers may work with advertising personnel to create an ad campaign. For example, they may determine in which media the advertisement will be placed—newspapers, direct mail, television, or some combination of all three. In addition, merchandise managers often visit the selling floor to ensure that goods are properly displayed. Buyers stay in constant contact with store and department managers to find out what products are selling well and which items the customers are demanding to be added to the product line. Often,

assistant buyers are responsible for placing orders and checking shipments.

Evaluating suppliers is one of the most critical functions of a purchasing manager, buyer, or purchasing agent. Many firms now run on a lean manufacturing schedule and use just-in-time inventories so any delays in the supply chain can shut down production and cost the firm its customers and reputation. Purchasing professionals use many resources to find out all they can about potential suppliers. The Internet has become an effective tool in searching catalogs, trade journals, and industry and company publications, and directories. Purchasing professionals will attend meetings, trade shows, and conferences to learn of new industry trends and make contacts with suppliers. Purchasing managers, agents, and buyers will usually interview prospective suppliers and visit their plants and distribution centers to assess their capabilities. It is important to make certain that the supplier is capable of delivering the desired goods or services on time, in the correct quantities without sacrificing quality. Once all of the necessary information on suppliers is gathered, orders are placed and contracts are awarded to those suppliers who meet the purchaser's needs. Most of the transaction process is now automated using electronic purchasing systems that link the supplier and firms together through the Internet.

Purchasing professionals can gain instant access to specifications for thousands of commodities, inventory records, and their customers' purchase records to avoid overpaying for goods and to avoid shortages of popular goods or surpluses of goods that do not sell as well. These systems permit faster selection, customization, and ordering of products, and they allow buyers to concentrate on the qualitative and analytical aspects of the job. Long-term contracts are an important strategy of purchasing professionals because it allows purchasers to consolidate their supply bases around fewer suppliers. In today's global economy, purchasing managers, buyers, and purchasing agents should expect to deal with foreign suppliers which may require travel to other countries and to be familiar with other cultures and languages.

Changing business practices have altered the traditional roles of purchasing or supply management specialists in many industries. For example, manufacturing companies increasingly involve workers in this occupation at most stages of product development because of their ability to forecast a part's or material's cost, availability, and suitability for its intended purpose. Furthermore, potential problems with the supply of materials may be avoided by consulting the purchasing department in the early stages of product design.

Purchasing specialists often work closely with other employees in their own organization when deciding on purchases, an arrangement sometimes called "team buying." For example, before submitting an order, they may discuss the design of custom-made products with company design engineers, talk about problems involving the quality of purchased goods with quality assurance engineers and production supervisors, or mention shipment problems to managers in the receiving department.

Work environment. Most purchasing managers, buyers, and purchasing agents work in comfortable offices. They frequently work more than the standard 40-hour week, because of special sales, conferences, or production deadlines. Evening and weekend work also is common before holiday and back-to-school sea-



Purchasing managers, buyers, and purchasing agents work to get the best merchandise at the lowest cost.

sons for those working in retail trade. Consequently, many retail firms discourage the use of vacation time during peak periods.

Buyers and merchandise managers often work under great pressure. Because wholesale and retail stores are so competitive, buyers need physical stamina to keep up with the fast-paced nature of their work.

Many purchasing managers, buyers, and purchasing agents travel at least several days a month. Purchasers for worldwide manufacturing companies and large retailers, as well as buyers of high fashion, may travel outside the United States.

Training, Other Qualifications, and Advancement

Qualified people may begin as trainees, purchasing clerks, expeditors, junior buyers, or assistant buyers. They often need continuing education, certification, or a bachelor's degree to advance. Retail and wholesale firms prefer to hire applicants who have a college degree and who are familiar with the merchandise they sell and with wholesaling and retailing practices. Some retail firms promote qualified employees to assistant buyer positions; others recruit and train college graduates as assistant buyers. Most employers use a combination of methods.

Education and training. Educational requirements tend to vary with the size of the organization. Large stores and distributors prefer applicants who have completed a bachelor's degree program with a business emphasis. Many manufacturing firms put an even greater emphasis on formal training, preferring applicants with a bachelor's or master's degree in engineering, business, economics, or one of the applied sciences. A master's degree is essential for advancement to many top-level purchasing manager jobs.

Regardless of academic preparation, new employees must learn the specifics of their employer's business. Training periods vary in length, with most lasting 1 to 5 years. In wholesale and retail establishments, most trainees begin by selling merchandise, supervising sales workers, checking invoices on material received, and keeping track of stock. As they progress, trainees are given increased buying-related responsibilities.

In manufacturing, new purchasing employees often are enrolled in company training programs and spend a considerable amount of time learning about their firm's operations and purchasing practices. They work with experienced purchasers to

learn about commodities, prices, suppliers, and markets. In addition, they may be assigned to the production planning department to learn about the material requirements system and the inventory system the company uses to keep production and replenishment functions working smoothly.

Other qualifications. Purchasing managers, buyers, and purchasing agents must know how to use word processing and spreadsheet software and the Internet. Other important qualities include the ability to analyze technical data in suppliers' proposals; good communication, negotiation, and mathematical skills; knowledge of supply-chain management; and the ability to perform financial analyses.

People who wish to become wholesale or retail buyers should be good at planning and decisionmaking and have an interest in merchandising. Anticipating consumer preferences and ensuring that goods are in stock when they are needed requires resourcefulness, good judgment, and self-confidence. Buyers must be able to make decisions quickly and to take risks. Marketing skills and the ability to identify products that will sell also are very important. Employers often look for leadership ability, too, because buyers spend a large portion of their time supervising assistant buyers and dealing with manufacturers' representatives and store executives.

Experienced buyers may advance by moving to a department that manages a larger volume or by becoming a merchandise manager. Others may go to work in sales for a manufacturer or wholesaler.

Certification and advancement. An experienced purchasing agent or buyer may become an assistant purchasing manager in charge of a group of purchasing professionals before advancing to purchasing manager, supply manager, or director of materials management. At the top levels, duties may overlap with other management functions, such as production, planning, logistics, and marketing.

Regardless of industry, continuing education is essential for advancement. Many purchasing managers, buyers, and purchasing agents participate in seminars offered by professional societies and take college courses in supply management. Professional certification is becoming increasingly important, especially for those just entering the occupation.

There are several recognized credentials for purchasing agents and purchasing managers. The Certified Purchasing Manager (C.P.M.) designation is conferred by the Institute for Supply Management. In 2008, this certification will be replaced by the Certified Professional in Supply Management (CPSM) credential, covering the wider scope of duties now performed by purchasing professionals. The Certified Purchasing Professional (CPP)

and Certified Professional Purchasing Manager (CPPM) designations are conferred by the American Purchasing Society. The Certified Supply Chain Professional credential is conferred by APICS, the Association for Operations Management. For workers in Federal, State, and local government, the National Institute of Governmental Purchasing offers the designations of Certified Professional Public Buyer (CPPB) and Certified Public Purchasing Officer (CPPO). Most of these certifications are awarded only after work-related experience and education requirements are met and written or oral exams are successfully completed.

Employment

Purchasing managers, buyers, and purchasing agents held about 529,000 jobs in 2006. About 43 percent worked in the wholesale trade and manufacturing industries and another 11 percent worked in retail trade. The remainder worked mostly in service establishments, such as management of companies and enterprises, or different levels of government. A small number were self-employed.

The following tabulation shows the distribution of employment by occupational specialty:

| | |
|--|---------|
| Purchasing agents, except wholesale, retail, and farm products..... | 287,000 |
| Wholesale and retail buyers, except farm products | 157,000 |
| Purchasing managers | 70,000 |
| Purchasing agents and buyers, farm products..... | 16,000 |

Job Outlook

Employment of purchasing managers, buyers, and purchasing agents is expected to have little or no job growth through the year 2016. Generally, opportunities will be best for individuals with a bachelor's degree. In government and in large companies, opportunities will be best for those with a master's degree.

Employment change. No change in overall employment of purchasing managers, buyers, and purchasing agents is expected during the 2006-16 decade.

Demand for purchasing workers will be limited by improving software, which has eliminated much of the paperwork involved in ordering and procuring supplies, and also by the growing number of purchases being made electronically through the Internet and electronic data interchange (EDI). Demand will also be limited by offshoring of routine purchasing actions to other countries and by consolidation of purchasing departments, which makes purchasing agents more efficient.

Projections data from the National Employment Matrix

| Occupational Title | SOC Code | Employment, 2006 | Projected employment, 2016 | Change, 2006-16 | |
|---|----------|------------------|----------------------------|-----------------|---------|
| | | | | Number | Percent |
| Purchasing managers, buyers, and purchasing agents | — | 529,000 | 531,000 | 1,200 | 0 |
| Purchasing managers | 11-3061 | 70,000 | 72,000 | 2,400 | 3 |
| Purchasing agents and buyers, farm products..... | 13-1021 | 16,000 | 15,000 | -1,400 | -9 |
| Wholesale and retail buyers, except farm products | 13-1022 | 157,000 | 156,000 | -200 | 0 |
| Purchasing agents, except wholesale, retail, and farm products... | 13-1023 | 287,000 | 288,000 | 400 | 0 |

NOTE: Data in this table are rounded. See the discussion of the employment projections table in the *Handbook* introductory chapter on *Occupational Information Included in the Handbook*.

Demand for purchasing workers in the manufacturing sector will be less than demand in the services sector, as the overall service sector grows more rapidly than the manufacturing sector. Also, many purchasing agents are now charged with procuring services that traditionally had been done in-house, such as computer and IT (information technology) support in addition to traditionally contracted services such as advertising.

Employment of purchasing managers is expected to grow more slowly than average. The use of the Internet to conduct electronic commerce has made information easier to obtain, thus increasing the productivity of purchasing managers. The Internet also allows both large and small companies to bid on contracts. Exclusive supply contracts and long-term contracting have allowed companies to negotiate with fewer suppliers less frequently.

Employment of wholesale and retail buyers, except farm products, is expected to have little or no change in employment. In the retail industry, mergers and acquisitions have caused buying departments to consolidate. In addition, larger retail stores are eliminating local buying departments and centralizing them at their headquarters.

Employment of purchasing agents, except wholesale, retail, and farm products, is expected to have little or no change in employment, primarily because of the increased globalization of the U.S. economy. As more materials and supplies come from abroad, firms have begun to outsource more of their purchasing duties to foreign purchasing agents who are located closer to the foreign suppliers of goods and materials they will need. This trend is expected to continue, but it will likely be limited to routine transactions with complex and critical purchases still being handled in-house.

Finally, employment of purchasing agents and buyers, farm products, is projected to decline 9 percent, as overall growth in agricultural industries and retailers in the grocery-related industries consolidate.

Job prospects. Persons who have a bachelor's degree in business should have the best chance of obtaining a buyer position in wholesale or retail trade or within government. A bachelor's degree, combined with industry experience and knowledge of a technical field, will be an advantage for those interested in working for a manufacturing or industrial company. Government agencies and larger companies usually require a master's degree in business or public administration for top-level purchasing positions.

Earnings

Median annual earnings of purchasing managers were \$81,570 in May 2006. The middle 50 percent earned between \$60,890 and \$105,780 a year. The lowest 10 percent earned less than \$46,540, and the highest 10 percent earned more than \$132,040 a year.

Median annual earnings for purchasing agents and buyers of farm products were \$46,770 in May 2006. The middle 50 percent earned between \$34,770 and \$64,100 a year. The lowest 10 percent earned less than \$26,520, and the highest 10 percent earned more than \$88,650 a year.

Median annual earnings for wholesale and retail buyers, except farm products, were \$44,640 in May 2006. The middle 50 percent earned between \$33,640 and \$60,590 a year. The lowest

10 percent earned less than \$26,270, and the highest 10 percent earned more than \$83,080 a year. Median annual earnings in the industries employing the largest numbers of wholesale and retail buyers, except farm products, were:

| | |
|---|----------|
| Management of companies and enterprises..... | \$54,390 |
| Grocery and related product wholesalers..... | 46,080 |
| Wholesale electronic markets and agents and brokers | 45,020 |
| Building material and supplies dealers | 40,380 |
| Grocery stores..... | 34,210 |

Median annual earnings for purchasing agents, except wholesale, retail, and farm products, were \$50,730 in May 2006. The middle 50 percent earned between \$39,000 and \$66,730 a year. The lowest 10 percent earned less than \$31,350, and the highest 10 percent earned more than \$83,900 a year. Median annual earnings in the industries employing the largest numbers of purchasing agents, except wholesale, retail, and farm products, were:

| | |
|---|----------|
| Federal executive branch..... | \$68,500 |
| Aerospace product and parts manufacturing | 59,390 |
| Navigational, measuring, electromedical, and control instruments manufacturing | 55,620 |
| Management of companies and enterprises..... | 54,820 |
| Local government..... | 48,170 |

Purchasing managers, buyers, and purchasing agents receive the same benefits package as other workers, including vacations, sick leave, life and health insurance, and pension plans. In addition to receiving standard benefits, retail buyers often earn cash bonuses based on their performance and may receive discounts on merchandise bought from their employer.

Related Occupations

Like purchasing managers, buyers, and purchasing agents, procurement clerks work to obtain materials and goods for businesses. Workers in other occupations who need a knowledge of marketing and the ability to assess consumer demand include those in advertising, marketing, promotions, public relations, and sales managers; food service managers; insurance sales agents; lodging managers; sales engineers; and sales representatives, wholesale and manufacturing.

Sources of Additional Information

Further information about education, training, employment, and certification for purchasing careers is available from:

- ▶ American Purchasing Society, North Island Center, Suite 203, 8 East Galena Blvd., Aurora, IL 60506.
- ▶ Association for Operations Management, APICS, 5301 Shawnee Rd., Alexandria, VA 22312-2317.
Internet: <http://www.apics.org>
- ▶ Institute for Supply Management, P.O. Box 22160, Tempe, AZ 85285-2160. Internet: <http://www.ism.ws>
- ▶ National Institute of Governmental Purchasing, Inc., 151 Spring St., Suite 300, Herndon, VA 20170-5223.
Internet: <http://www.nigp.org>