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WHAT IS A PURCHASING COOPERATIVE?

- A purchasing cooperative is an organization of businesses that pool their purchasing power to buy supplies and services
 - Most used by federal, state, and local governments, nonprofits, educational institutions, and healthcare
 - Sharing of contracts amongst the organizations above
- Purchasing cooperatives are used to:
 - Reduce costs
 - Avoid possible lengthy RFP processes
 - Speed up procurement process
 - Responsive partnership with suppliers
 - Provide in-depth reporting capabilities
 - Possible rebate or discount incentives

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HISTORY OF PURCHASING COOPERATIVES

- Purchasing cooperatives have been around for over 100 years
- Cooperatives originally started with common requirements of commodities for the federal government and then stemmed in to state and local governments.
 - One or two governmental departments banded together
 - Fuel, cleaning supplies, technology needs
 - Office supplies, furniture, paper, fleet vehicles
 - Piggybacking
 - Third party aggregators

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CAN PURCHASING COOPERATIVES HELP MY COUNTY?

- What is most important to your county?
 - Being effective and efficient?
 - Streamline purchasing processes?
 - Eliminate the need to travel to multiple businesses to find products?
 - Access to quantities that are unknown of a product or service?
 - Rebates and incentives?
 - Better reporting?
 - Purchasing platforms?

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HOW PURCHASING COOPERATIVES HELP...

- Local government agencies, specifically educational institutions, are facing ever-tightening budgets and constant expenses. Purchasing cooperatives are designed strategically to assist in reducing costs and buying power and efficiencies
 - Saves Time
 - Reduces Costs
 - Connects agencies with top suppliers
 - Delivers ongoing value
 - Improves the procurement process

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PURCHASING COOPERATIVE ORGANIZATIONS

- Policy 8200 identifies a few cooperatives approved to use
 - General Services Administrator (GSA)
 - AEPA
 - Omnia (listed as US Communities)
 - TCPN (The Cooperative Purchasing Network)
- Others include Sourcewell, E&I, NASPO
- Over 200 purchasing cooperative organizations in the US for government entities

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UTILIZING PURCHASING COOPERATIVES

- It's as easy as 1, 2, 3 ...
 - Sign up
 - Research contracts
 - Reach out to vendors

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HOW DO I KNOW IF A COOPERATIVE IS LEGITIMATE?

- Purchasing cooperative contracts have gone through a competitive process that is typically led by another governmental organization
 - The purchasing cooperative must have the RFP, specifications, and contract available for review
 - Anything can always be vetted
- Vendor requirements
- Red flags
 - Participation restrictions
 - Cooperatives *should* always be free
 - There should never been a contract signed requiring thresholds of purchasing
 - Vendors claiming to be on cooperatives, but you cannot find them OR they registered just like us

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EVALUATING OR VETTING A PURCHASING COOPERATIVE

- Legitimate purchasing cooperatives will have contracts posted
 - Contract terms and conditions
 - RFPs for review, when requested
- Four key factors to consider when evaluating a purchasing cooperative:
 - Process
 - Competitiveness
 - Transparency
 - Experience
- Vendor registration requirements

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BEST PRACTICES FOR USING PURCHASING COOPERATIVES

- Choose the right purchasing cooperative partner
- Ensure the cooperative is competitive
- Use cooperative procurement optimally
- Stay compliant
- Leverage cooperative program resources

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COOPERATIVES AND FEDERAL FUNDING

- While the federal procurement standards encourage the use of cooperative purchasing where appropriate, one should exercise caution when using such programs and work closely with the procuring entity to ensure compliance with the federal procurement standards found at 2 C.F.R. §§ 200.318- 200.326.
- To check to ensure the contract under the cooperative meets the CFR requirements, it is best to:
 - Pull the contract from the cooperative site and see what the terms and conditions / language states
 - Reach out to cooperative representative

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BIDDING VS. USING A PURCHASING COOPERATIVE

- Only you can determine what is appropriate and when based on your counties needs
- You have to be able to defend the why ...
 - Public perception
 - Policy compliance
 - In the best interest of your BOE

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REBATES AND INCENTIVES

- While already receiving cooperative pricing, some vendors via their cooperative offer rebates or additional incentives
 - Growth rebates
 - Free shipping
 - Punch out rebates
 - Green spend rebates
 - Purchasing platforms with built in approval processes
 - E-commerce rebate
 - K-12 enhanced discount program (percentage discount varies by category)
 - Exclusive brands that net additional discounts

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REBATE AND INCENTIVES

- Omnia – Home Depot – 1% rebate on all POS and online purchases with registered PCards
- Omnia – School Specialty – 1% growth rebate year to year or free shipping on most orders
- Omnia – Amazon – Free business prime membership if less than a certain amount of users; select products/Amazon shipping day could net a free business prime membership
 - Don't forget to check out the WV state contract with Amazon for other ways to get a free prime membership!
- E&I – Grainger – growth rebate, green rebate – rebate increases with increased spend
- PCard – rebate based on specific program's schedule.

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PURCHASING PLATFORMS

- Purchasing platforms can be an innovative way to streamline the procurement process
 - ESchool Mall
 - Multiple vendors
 - Amazon
 - Business platform with approvals
 - Office Depot
 - Business platform with approvals
 - Grainger
 - In ESM and business platform
 - Keepstock program

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OMNIA OPUS

- Recently launched purchasing platform where you can type in an item and search across all of their cooperative contracts – one stop shop!
 - Live inventory status
 - Pricing based on quantities needed
 - Proposed delivery dates noted when searching

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PURCHASING COOPERATIVE CONTACTS

- Omnia
 - Amy Flowers - Amy.flowers@omniapartners.com
 - Pam Pelder - pam.pedler@omniapartners.com
- Sourcewell
 - Shania Glenz - Shania.Glenz@sourcewell-mn.gov

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QUESTIONS??

Don't forget to grab some handouts of purchasing cooperative information!

THANK YOU!