

# The Decider Guide

When to use  
cooperative  
purchasing to add  
public dollar power





Together,  
we are  
Sourcewell

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# Introduction

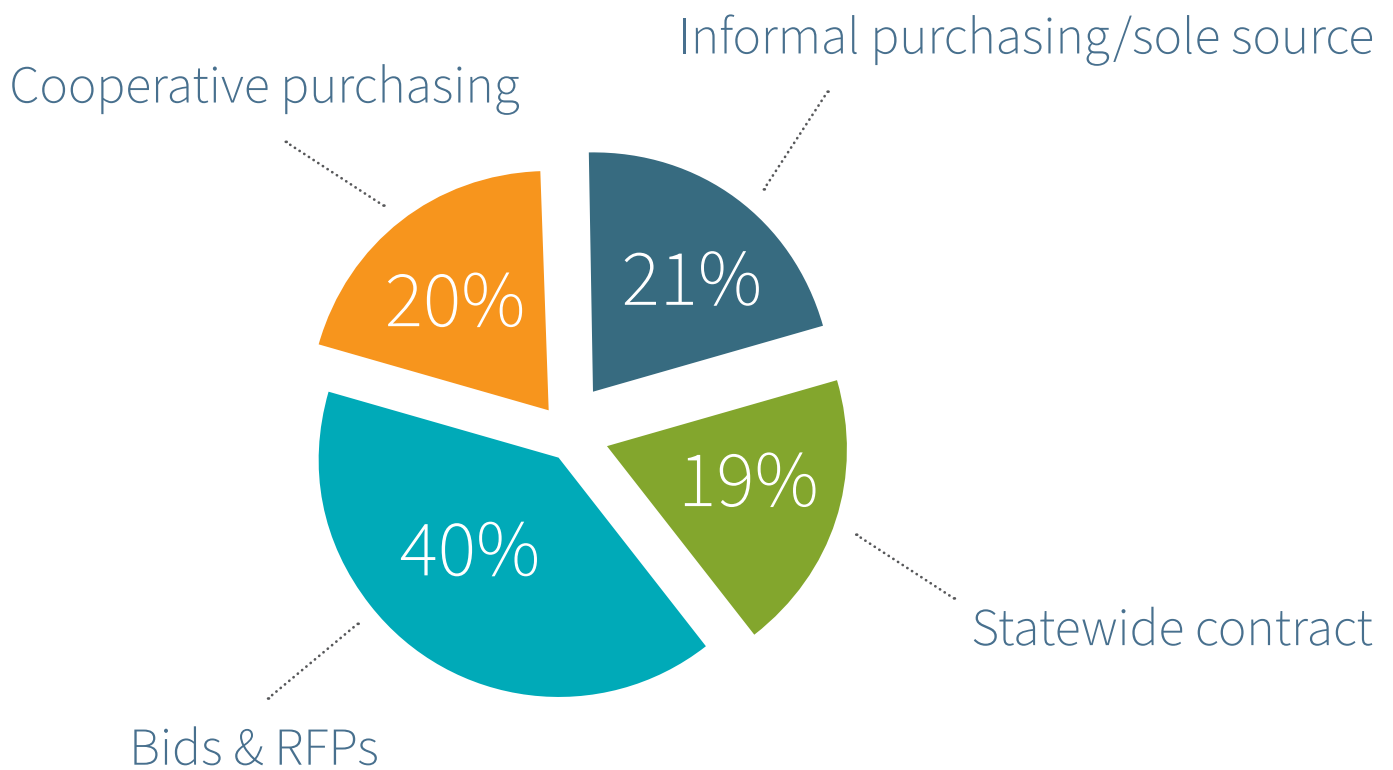
Cooperative purchasing:  
100% growth  
since 2010

The average public agency today uses cooperative purchasing for 20% of their spending. Procurement professionals are using cooperatives twice as much as they did in 2010 and that number is growing. Why?

If you understand procurement, you know it is a challenging profession. GovWin & Onvia's 2018 survey reports procurement staff are leaner, working extra hours, and being asked to purchase more with stricter budgets. As a result, they are looking to cooperatives as an industry best practice to build out an additional purchasing arm for their teams.

Procurement comes in many forms and fashions, ranging from a one-person team to a dedicated department of dozens. Public buyers can operate from one, centralized office or spread among different departments and branches they serve. Regardless of the structure, procurement matters and is required at all levels of a public organization.

Procurement provides a competitive, fair, and transparent process to purchase goods and services. You put a lot of time and energy into your solicitations, and cooperative purchasing can help.



Source: GovWin & Onvia 2018 procurement survey

# What is cooperative purchasing?



Cooperative purchasing is procurement conducted by, or on behalf of, one or more government units for use by other government units.

Buying through a purchasing cooperative gives you access to competitively solicited, ready-to-use awarded contracts. This saves your procurement team time on the solicitation process, speeds up contract creation and product delivery, and harnesses the buying power of thousands of public agencies for better pricing.

## Types of cooperative purchasing organizations

**Government-cooperative model:** Buyers from a government entity competitively solicit, evaluate, and award a contract, then make it available for use by other public entities. As a government entity, Sourcewell follows this model.

**Lead-agency model:** Buyers from a public lead agency conduct a competitive solicitation. An independent for-profit or not-for-profit organization manages the process, then makes the contracts available to other public agencies.



Aaron Carter, Assistant Vice President, University of Illinois

“We use our relationship with Sourcewell any way that we can. Every time we are quoting for something, I see what the world is paying for it and I see what I can get it for at the Sourcewell price.”

# Using cooperative purchasing

## Know your legal statutes

Sourcewell's authority to offer cooperative contracts is governed by Minnesota statutes. Your authority to use cooperative contracts is controlled by your local and state statutes. As a public agency representative, you must learn your state and local statutes to understand your procurement requirements. Procurement professionals can usually find specific guidance about cooperative purchasing or piggybacking in state or provincial code. Most states or provinces allow some form of cooperative purchasing; however, your team must make a final determination.

## Agency policy and procedures

Learn your internal policies and procedures, including your own procurement manuals, to determine your ability to use cooperative purchasing organizations. Research the following:

- Does my organization currently use cooperative contracts?
- What are the requirements to receive approval to use a cooperative contract?
- What internal purchasing goals does my agency need to meet? Items for consideration:
  - Local preference
  - Best price
  - Minority- and women-owned businesses
  - Social goals

Connect with folks internally to learn more about these requirements and determine if a cooperative organization can assist.

## Cooperative considerations

Once you've determined your ability to use cooperative contracts, set aside time to evaluate the available cooperative organizations. Meet your point of contact at each cooperative. Ask questions, provide feedback, and share your needs to better understand what is available and the buying process. Items to consider:

- **RFP process:** How is the cooperative governed and does its competitive process mirror your own?
- **Transparency:** Can you easily access contract documentation and pricing?
- **Registration:** Are there fees or other requirements to use a cooperative?
- **Customer service:** Can the cooperative assist you with your needs?



### Adam Manne, Assistant Director of Finance for Procurement Services, Prince William County, Virginia

“A public organization makes decisions that are best for its constituents and its agency. One of those decisions is to use cooperative purchasing. Having a strategy for how to use it, when to use it, and how to get approval is important for procurement professionals and those who have a decentralized procurement process.”

## Using cooperative purchasing (cont.)

If you haven't met with your cooperative representative, now is a great time.

If you haven't met with your cooperative representative, now is a great time. Learn how to navigate and obtain contract documentation and pricing. You can also contact your supplier contact for guidance, quotes, and additional information. Provide your request to the supplier and remember to review the information with the documentation the cooperative provides.

Items to review:

- Pricing
- Terms and conditions
- Contract compliance
- Local preference
- Award and maturity dates
- Support of social goals
- Contract flexibility

Some cooperatives allow you to add additional terms and conditions and/or subsequent agreements under the contract. As an agency representative, you and the supplier mutually agree to the additional language.

Once you approve the purchase order, be sure to identify your agency's cooperative account number as well as the supplier's awarded contract number on your documentation. You can then verify the purchase came from a supplier using a competitively solicited cooperative contract.

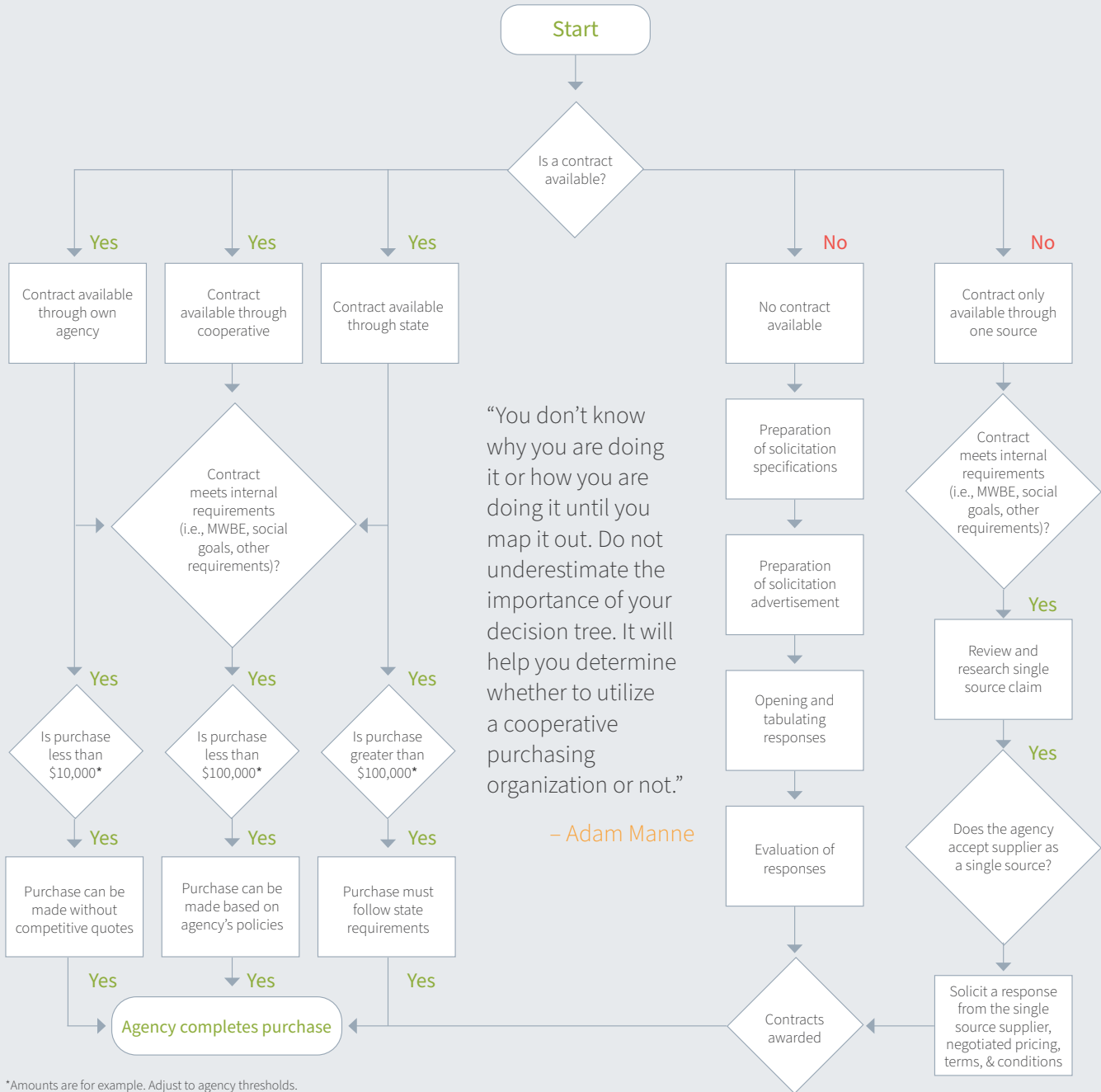
Jeff Schwiebert,  
Superintendent (Ret.),  
Sartell (MN) Schools

“My taxpayers would like to pay as little as possible and at the same time get as good of a quality as we can, and that is one of the things for Sourcewell that works out really well. It's great to have someplace like Sourcewell where we can go and get the quality products that we need.”



# Procurement tool: Starter decision tree

When developing a new process tool, there's nothing worse than staring at a blank piece of paper. Use this sample decision tree as a starting point for developing a procurement process for your organization.



Adam Manne, Assistant Director of Finance for Procurement Services at Prince William County, Virginia led his team in mapping a decision tree for their procurement team.

To see their complete decision tree visit [sourcewell.co/procurement\\_flowchart](https://sourcewell.co/procurement_flowchart).

# Conclusion



As public procurement professionals continue to embrace cooperative purchasing as an industry best practice, they must take critical steps to ensure successful use of supplier contracts. Creating a firm foundation with a cooperative partner allows you to build strong supplier relationships that can lead to greater contract savings and cost reductions. Work with folks who value a more positive experience, put your needs first, and strive to assist you and your agency procure smarter.

## Key takeaways

- Cooperative purchasing accounts for 20% of public agency spending, making it a growing procurement strategy.
- Determine your authority to use cooperative purchasing by reviewing your agency's policies, procedures, and laws.
- Buying through a cooperative streamlines procurement with pre-negotiated, competitively solicited contracts.
- Cooperative contracts harness the collective buying power of thousands of agencies, resulting in cost savings.
- Evaluate RFP competitiveness, documentation transparency, registration, and customer service before choosing.

## Help when you need it.

Sourcewell is government empowering government since 1978 — partnering with education and government leaders to impact student and community success. Sourcewell staff measure their achievements by the success of the people they serve — you.

We value our relationship with you and are committed to understanding your needs and providing comprehensive solutions to make you successful today and long into the future.

### Contact us today:

877-585-9706

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