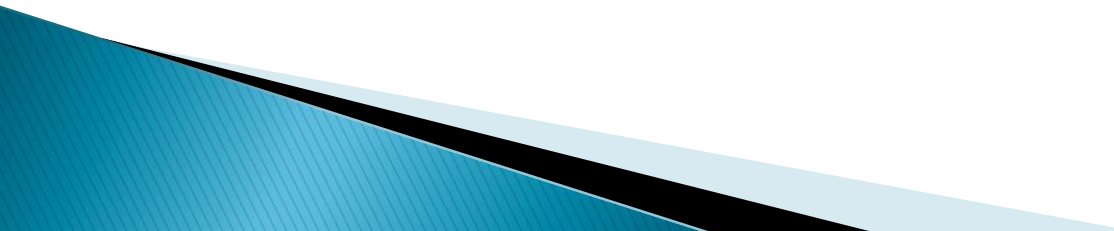


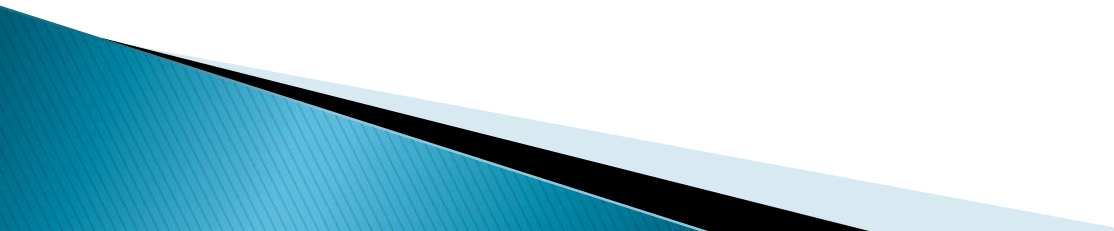
Pros and Cons of Cooperative Purchasing

Mike Mertens, Assistant Executive Director
Arkansas Association of Educational
Administrators

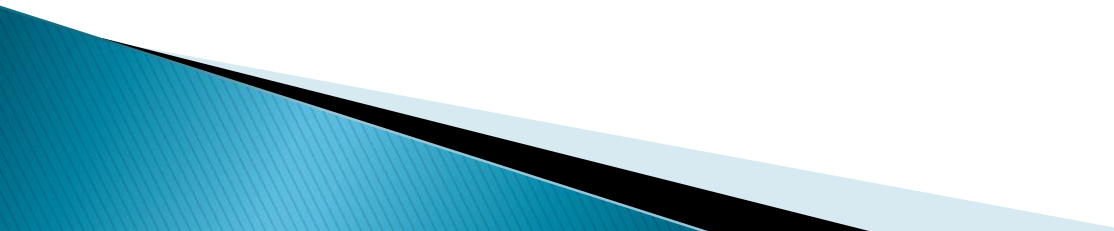
C. P. Information

- ▶ Go to: www.theaaea.org
 - ▶ Click on Resources on the menu bar.
 - ▶ Click on Presentations from Past Conferences.
 - ▶ Click on SASBO 2011.
- 

What is it?

- ▶ Cooperative procurement is the process by which an organization forms a partnership or shares contracts with other organizations for the purchase of goods or services.
 - ▶ By aggregating their purchasing demands, organizations are often able to increase their market power and achieve lower prices.
- 

What does it look like?

- ▶ Cooperative solicitation. Two or more agencies combining their requirements to obtain volume pricing, such as all schools in a county ordering paper supplies in one bulk order.
 - ▶ Cooperative contract. Multiple organizations “piggybacking” off a single contract award, such as a school buying automobiles through a state contract.
 - ▶ Cooperative organization. Buying off a contract offered by an organization whose sole purpose is to promote cooperative purchasing, such as a school district purchasing school furniture through U.S. Communities.
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Why do it?

Cheaper

- Larger volume, lower prices.
- Better value through competition.
- Fiscally sound procurement.
- Reduces overhead.

Quicker

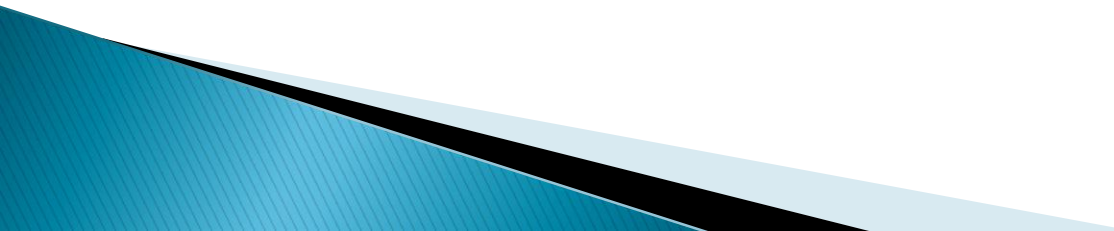
- Reduces time spent on administrative activities.
- Utilizes skills and knowledge of trained professionals that are knowledgeable in state procurement laws.

Why do it?

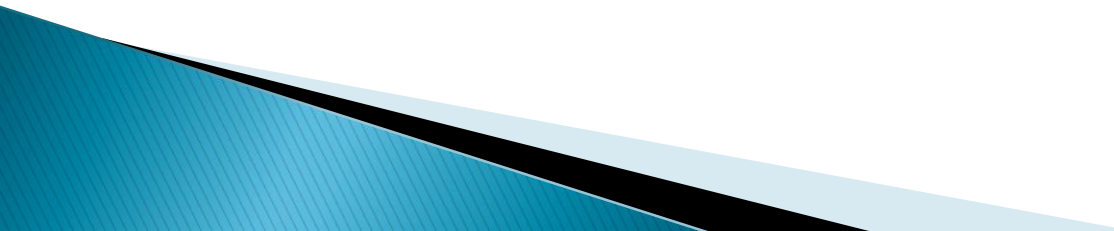
Easier.

- Less time spent in-house on specifications, bids, quotes, or proposals.
- Access to a wide variety of quality products from reliable suppliers.
- Preliminary work completed well in advance.

Safer.

- Contracts have been written in accordance with state regulations.
 - Maintain public confidence through ethical and transparent procurement practices.
- 

Why do it?

- ▶ To endure public scrutiny. “The VIRGINIA Report”
 - “School districts miss potential savings because cooperative purchasing options are not always considered.”
 - “Small districts are often unable to capitalize on economies of scale or identify areas for cooperative procurement.”
 - The state should annually survey and monitor cooperative procurement by local school districts.”
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Why do it?

▶ “Let’s Go Green!”

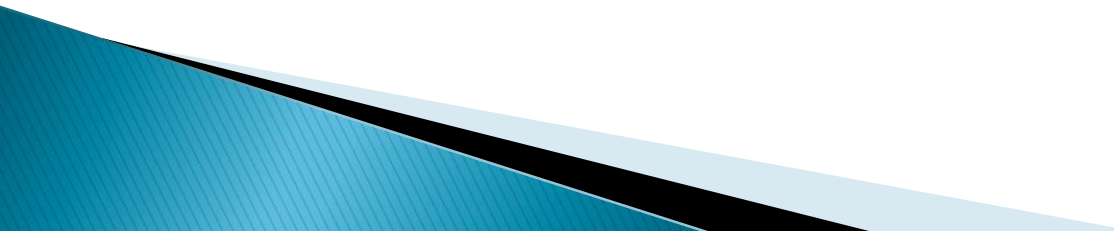
- Many cooperative purchasing agencies are expanding their offerings to include “green” contracts.
- Playground equipment, office supplies, digital copiers, furniture with environmental certifications, and greener janitorial and sanitation products.

Why not do it?

- ▶ Buying sight unseen. Purchasing an unknown produce that meets the written specifications but may not meet your particular needs.
- ▶ “I’m giving you the school price.”
Cooperative purchasing does not always guarantee savings or best value.
- ▶ Cuts Mom and Pop out of the loop. Small businesses at times struggle with large orders, multiple delivery sites, etc.

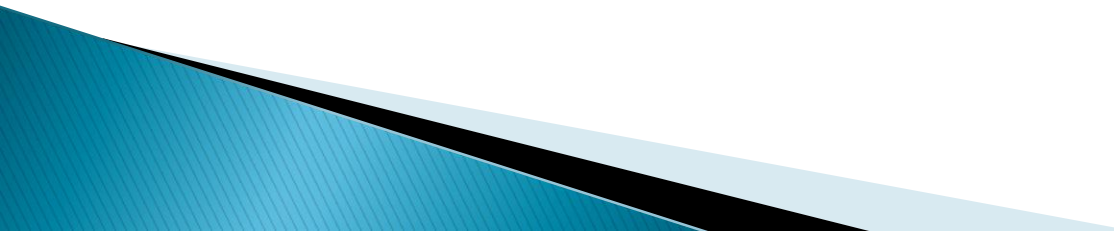
Why not do it?

▶ Buy locally!!!

- Community pressure to support local businesses.
 - Laws that favor or give preference to local, regional, or state suppliers.
 - Desire to use a preferred supplier based on factors such as quality, delivery, maintenance, etc.
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Best Practices

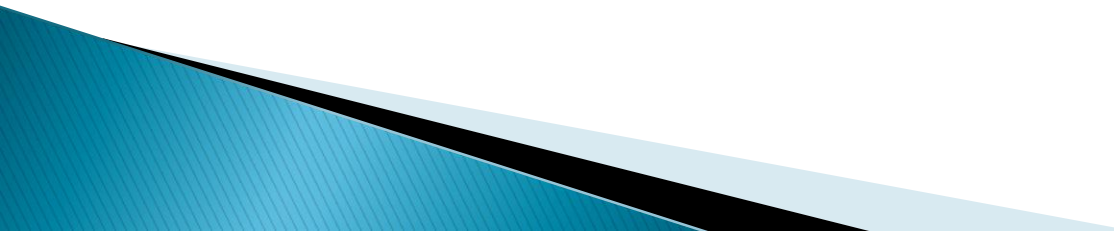
▶ Before Issuing Solicitation:

- Include technical specialists in the development of specifications and contract terms/conditions.
 - Outline delivery, service, maintenance, and other value-added services.
 - If available, and allowed by state law, utilize “best value” or “life-cycle” analysis.
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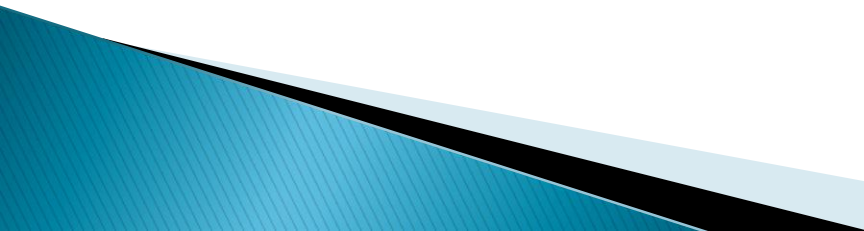
Best Practices – con't

- ▶ Issuing the Solicitation.
 - Advertise in accordance with prevailing laws.
 - Designate one point of contact, preferably via e-mail for vendor inquiries.
 - Develop, update, and use bid/vendor lists.

Best Practices – con't

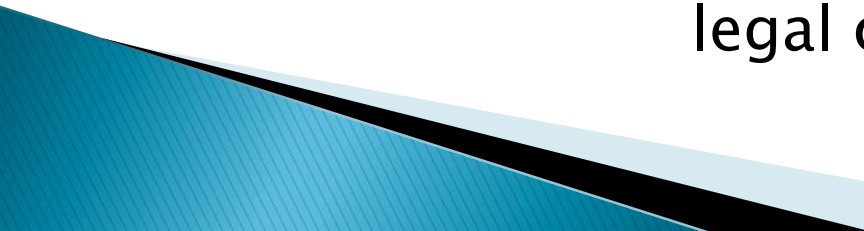
- ▶ Evaluating and Negotiating Offers.
 - Develop and use an evaluation form/system.
 - Carefully evaluate each vendor's ability to provide service and maintenance to all cooperative members.
 - Negotiate terms and conditions within the prevailing legal requirements.
- 

Best Practices – con't

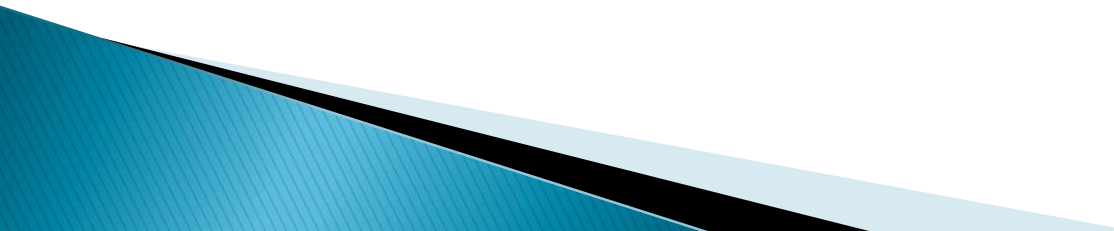
- ▶ Contract Award and Administration.
 - Open bids according to prevailing laws.
 - Notify all participating members of contract award.
 - Provide plenty of time for replacement contracts.
 - Establish a contractor/vendor performance reporting system for participating members.
- 

Best Practices – cont'd

▶ Using Cooperative Contracts.

- Analyze the product or service specifications, price, terms and conditions and other factors to ensure that the cooperative contract produces best value.
 - When buying large quantities, verify whether the contract permits negotiation of additional price concessions.
 - If a purchase agreement is required, confer with legal counsel before proceeding.
- 


What are the laws on C.P.?

- ▶ Go to <http://www.tcpn.org>
 - ▶ TCPN – The Cooperative Purchasing Network.
 - ▶ Search for “state laws.”
 - ▶ This brings up a put-down menu with the cooperative purchasing laws for each of the 50 states.
- 

Contacts

- ▶ American Association of School Administrators <http://www.aasa.org>
- ▶ The AASA and the National Joint Power Alliance (NJPA) www.njpacoop.org have formed a partnership that offers AASA member school districts the opportunity to save money and staff resources on the purchase of school supplies, equipment, and facility construction projects.

Contacts – cont'd

- ▶ Association of School Business Officials International www.asbointl.org
 - ▶ ASBO International Buyer's guide provides members with year-round access to the leading manufacturers and service providers to schools.
 - ▶ Members can customize and periodically edit their "Buyer's Guide" listings.
- 

Contacts – cont'd

- ▶ National Association of Educational Procurement www.naepnet.org sponsors E&I Cooperative Purchasing www.eandi.org
- ▶ National Intergovernmental Purchasing Alliance Company <http://nationalipa.org>
- ▶ The Interlocal Purchasing System (TIPS) Nine SASBO states use TIPS! www.tips-usa.com

Contacts – cont'd

- ▶ The Cooperative Purchasing Network (TCPN)
www.tcpn.org
- ▶ U.S. Communities Government Purchasing Alliance www.uscommunities.org
- ▶ KPC (Kentucky Purchasing Cooperatives) 95%
of Kentucky schools participate!
www.kybuy.org