

Cooperative purchasing 101: A guide for public agencies

- Cooperative purchasing simplifies the procurement process for public agencies and nonprofits by allowing them to purchase through existing contracts negotiated by other public agencies.
- Cooperative purchasing contracts have already gone through a competitive solicitation, evaluation process and been awarded to a supplier.
- The benefits of cooperative purchasing for agencies include reduced procurement costs, greater time efficiency, and the ability to obtain value-add and higher-quality products and services at industry-leading pricing.
- It is easy to join a cooperative purchasing organization, and it's often free to do so.

[Public sector](#) and [nonprofit agencies](#) have long relied on procurement teams of just one or two people to manage all purchasing for necessary equipment, supplies, and more in accordance with their agency's policies. These individuals sometimes are not even dedicated solely to procurement.

The process of sending out a solicitation such as a request for proposals (RFP) or bid, maintaining an open and transparent formal solicitation process, and achieving the necessary approvals can take weeks or months, depending on the size of the order.

Because of these hurdles, more public sector agencies like [cities, counties, K-12 school districts](#), and [colleges and universities](#) are choosing to use cooperative purchasing agreements. However, some agencies may not understand what cooperative purchasing is, how it works, and how it can benefit their organization.

The purpose of this guide is to provide a comprehensive understanding of cooperative purchasing and why smaller agencies in particular should consider joining a cooperative purchasing group.

What is cooperative purchasing?

Cooperative purchasing is a procurement tool that allows organizations to purchase goods and services using existing contracts already solicited and awarded by other public agencies.

The original contracting body – known as the lead agency – has already gone through a solicitation process, finalized the terms, and awarded the contract to a supplier. Agencies can then piggyback off of the lead agency's efforts to gain access to the same competitive pricing and terms while also having confidence knowing the supplier has been fully vetted through a public formal solicitation process.

Cooperative purchasing agreements are different from joint purchasing agreements, which involve two or more purchasers that agree from the outset to use a single solicitation process and enter into a single contract.

There are two main types of cooperatives for public agencies:

- Regional cooperatives, which limit membership or awarded suppliers to certain areas
- National cooperatives, which can be joined by any [government agency](#) regardless of where it's located within the United States

Cooperatives structures vary and therefore their cooperative purchasing agreements may vary in their:

- Terms and conditions
- Products and services
- Ease of access to documentation
- Negotiation rules
- Fees
- Rebates
- Performance track records

Why do public agencies use cooperative purchasing?

Public agencies and nonprofits tap into cooperative purchasing agreements primarily to reduce procurement costs, improve efficiencies, and obtain higher-quality products and services.

Lead agencies are often larger organizations that may have a full procurement team. Unlike smaller government entities, these larger agencies have the resources and leverage to solicit and negotiate contracts with the country's top suppliers in a way that small agencies can't.



Public agencies often use cooperative purchasing because it provides them with access to industry-leading pricing and top-tier suppliers. It also frees up time for the agency's staff to focus on purchases that can't be obtained through cooperative purchasing.

According to Melissa Williams, NIGP-CPP, Contract Manager for OMNIA Partners, Public Sector, cooperative purchasing for smaller agencies is a "game-changer." As someone who spent 9 years as the only procurement staff member at a small Michigan county and 7 years in the educational services industry, Williams understands the lengthy solicitation challenges experienced by small public agencies.

"Instead of me going out and doing the solicitation and evaluation myself, using a cooperative purchasing agreement meant that all of that leg work was already done. And I know that it's trustworthy and that everything has been adhered to from a compliance standpoint," said Williams. "When agencies see the benefits and simplicity, it just makes sense."

Because of its ease and efficiency, more public agencies are jumping on board. Currently, the average public agency uses cooperative purchasing for about 20% of its spending. It's estimated that sales through national cooperative agreements for state, local, and education (SLED) agencies will reach [\\$64.7 billion by next year](#).

Commonly contracted products

Cooperative purchasing agreements make the most sense when there are certain goods needed across multiple government departments and operators. Goods that are commonly contracted through cooperatives include:

- Office supplies
- Cleaning supplies
- Furniture
- Food and food management services
- IT equipment
- Staffing services
- Fleet maintenance products
- Medical supplies
- Lab supplies
- Utilities
- Software or other technology services



How does cooperative purchasing work?

Cooperative purchasing involves a number of entities, each with different roles and responsibilities. These include:

- **The lead agency**, which is responsible for soliciting, evaluating responses, finalizing the contract terms, and awarding the contract. The lead agency also maintains ownership of the contract and is responsible for contract administration.
- **The supplier**, which responds to the solicitation, and is selected to enter into the contract directly with the lead agency.
- **The cooperative**, which helps support the solicitation process and markets the final contract award to agencies across the country.
- **The cooperative members**, which are the agencies that register to participate with the cooperative to piggyback off of the lead agency's agreement.

A cooperative purchasing agreement starts when the lead agency publishes a solicitation for a purchasing need. The lead agency then receives and evaluates the responses and awards a contract based on the solicitation's requirements.

Once the contract is awarded, the cooperative can help connect members with the supplier.

Key features of cooperative purchasing agreements

While cooperative purchasing agreements may vary based on the lead agency's requirements, there are some standard key features and characteristics to look for. Purchasing cooperatives usually include the following:

- Complete and open competition that's fully documented
- A clear and accurate scope of work or goods
- Compliance with allowable procurement methods
- Contracted price points
- Established delivery timelines

When searching for a cooperative purchasing agreement, it's critical to make sure that the lead agency didn't place overly restrictive requirements on the solicitation process, as it could risk noncompliance with full and open competition requirements. Any geographic or socioeconomic preferences that were included in the agreement could also put your organization at risk for violating compliance laws.



This is why it's important to read the full agreement to ensure it matches your agency's requirements before joining a contract.

Benefits of cooperative purchasing for small agencies

Cooperative purchasing among smaller agencies is rising in popularity, and for good reason. The process has very few downsides, if any, and the benefits can make a wave of difference in cost savings, purchasing power, and more. Here are a few of the top [benefits of purchasing cooperatives](#).

Cost savings opportunities

One of the biggest appeals of cooperative purchasing is its potential for significant cost savings. These agreements enable agencies to:

- Access nationally leveraged pricing
- Access tiers of savings
- Leverage economies of scale when buying goods and services
- Decrease costs by purchasing in bulk
- Reduce administrative overhead

In other words, small agencies get the same pricing and service level agreements that the country's largest city and state agencies enjoy.

In difficult economic times, cost-cutting strategies aren't just a "nice-to-have" — they're a necessity. A 2023 study found that [91% of supply chains](#) have been affected by inflation, which has put increased pressure on procurement staff to cut costs. Additionally, nearly half of procurement teams say suppliers have raised their costs by 10% or more.

According to Scott Noffke, CPPB, Senior Director of Western States at OMNIA Partners, Public Sector and a 30-year veteran of the industry, some organizations have not just saved costs on procurement but generated revenue as well. A combination of new procurement technology and cooperative purchasing enables staff to use their purchasing cards to place orders directly on the supplier's website. This allows them to generate more rebates on card spending (acquired through a cooperative purchasing agreement).

"You can actually turn these cost centers into revenue-generating centers within the organization," said Noffke. "That's a huge win for procurement leads who can then tell their supervisors, 'I'm generating revenue AND doing my job.'"



Time efficiency

Cooperative purchasing agreements streamline procurement processes, which saves a large share of time for the agency's procurement team.

Considering [more than half](#) of procurement professionals reported a higher level of stress and burnout in 2023 than in previous years, taking some of the time-consuming processes off of their to-do lists can help procurement teams better balance their responsibilities.

"My whole 30 years in this industry, I was so stressed out. I didn't have enough time," said Noffke, who spent the majority of his career as the sole procurement manager for a school district. "This could take the majority of that stress off my plate."

Williams feels the biggest time efficiencies stem from bypassing some of the solicitation process.

"If you have to go out for a full RFP that might cost the agency hundreds of thousands of dollars and take months," said Williams. "For the smaller purchases, cooperative purchasing is really quick and can cut the process down by hours or days. For larger purchases, it can cut down on months."

Wider access

Tapping into cooperative purchasing agreements provides public sector agencies with access to a wider range of suppliers and contracts. When working with a cooperative purchasing organization, agencies can immediately gain access to a [catalog of hundreds of vetted contracts](#). This opens the gate to more supplier options and higher-quality goods.

Enhanced purchasing power

Agencies that participate in a cooperative purchasing agreement have enhanced purchasing power because they have access to more favorable terms.

Even though cooperative purchasing agreements have pre-determined pricing and conditions, the contracts aren't completely static. Agencies have the option to add terms if they have additional requirements. If agreed to by the supplier, these additional terms simply overlay the contract.



Simplified compliance

According to Williams and Noffke, compliance is the number one concern for most procurement professionals. And while many professionals think cooperative purchasing could make compliance even more of a headache, it can actually make it easier.

Based on his personal experience, Noffke believes the documentation transparency available through purchasing cooperatives is more reliable than completing the process himself. He also believes it makes audits easier.

"I wasn't meticulous about gathering all the data from each quote that I needed for those audits at the school district, so I was always left scrambling trying to find the information I needed when someone had questions about our process or our decision," said Noffke. "For me, it was so much easier to deal with my auditors using cooperative purchasing than by doing my own solicitations."

When working with a cooperative like OMNIA Partners, documentation is available for your convenience through a designated microsite. This enables you to easily find and download the documents needed by an auditor because they're all in one place.


Access to this documentation is also helpful for procurement professionals who need to get approvals from their board or city council.

How to join a cooperative purchasing agreement

For agencies interested in joining, there are a few simple steps to take to kickstart your first cooperative agreement:

- [Sign up to be a member](#) of a cooperative purchasing organization, such as OMNIA Partners
- Identify your purchasing need
- Research the cooperative's catalog of contracts to find one that meets your needs
- Get approval from your governing body
- Contact the supplier to utilize the cooperative contract

The process of joining a cooperative purchasing organization can be completed in just a few easy steps. It typically only requires providing basic information about your agency and a few supporting documents. You are not obligated to make a purchase just by becoming a member of the cooperative purchasing organization.



Some cooperatives, such as OMNIA Partners, also provide free access to subject matter experts to help you feel confident in your contract decisions. Oftentimes, these experts have worked for a smaller public agency themselves, like Williams and Noffke, so they understand your perspective.

Cooperative purchasing best practices

Cooperative purchasing can benefit almost all SLED agencies, but there are some things to consider before joining a cooperative. Use this checklist as you evaluate your options:

- Have you heard of the organization before? If not, ask for peer references.
- Does the cooperative have any fees? Are you willing to pay them?
- How accessible is the documentation if you need to pull it during an audit?
- Can the suppliers involved in the agreement meet your needs?
- Do the contract's terms and conditions meet your agency's requirements?
- Are the contracts up to date or near expiration?
- Is the cooperative easy to reach if you have challenges with a contract?

How to maximize the benefits of cooperative purchasing

To make sure you're making the most of your cooperative membership:

- Ensure you're receiving competitive pricing
- Utilize the cooperative's [online public sector resources](#)
- Stay in communication with the cooperative's subject matter experts and suppliers
- Outline your expectations ahead of time
- Ensure you have access to a comprehensive audit trail



Next steps to simplify your purchasing processes

Cooperative purchasing can skyrocket your agency's cost savings, time efficiency, contract flexibility, and supplier access. Because of the many benefits and low risks associated with joining a cooperative, public agencies should consider exploring cooperative options and whether they could be a fit.



Introducing OPUS: Simplifying cooperative purchasing for small agencies

OMNIA Partners [OPUS](#) is the only free ecommerce platform that provides public sector and non-profit agencies access to hundreds of competitively solicited, publicly awarded cooperative contracts across all major categories.

Unlike traditional purchasing, OPUS allows you to research and buy from multiple suppliers with a single login and a single shopping cart, making it easier than ever to purchase the items you need.

With no complicated setup, you can immediately access OPUS to simplify your purchasing process.

Learn more about how OPUS can simplify your purchasing. [Take an interactive tour](#) or [register now!](#)

About OMNIA Partners:

OMNIA Partners has helped thousands of satisfied members find greater access, buying power, trusted expertise, efficiency, and value through its portfolio of hundreds of ready-made cooperative purchasing contracts. [Learn more.](#)

