



# COOPERATIVE PURCHASING GROUPS

School food authorities (SFAs) can enter into different types of purchasing agreements to procure the products and services needed to operate their school nutrition programs. If you're having difficulty identifying, procuring, and receiving affordable lower-sodium products and other products and services for your program operations, consider joining a **cooperative purchasing group (CPG)**. Understanding the benefits and challenges of belonging to a CPG can help you determine if it is the best option for your SFA.

## COOPERATIVE PURCHASING

In school nutrition, **cooperative purchasing** is an agreement to collectively pool the purchasing power of SFAs to competitively procure some or most of the products and services needed to operate a school nutrition program. Most commonly, this agreement is between a group of SFAs. Cooperative purchasing is particularly advantageous for small- to medium-sized SFAs needing volume cost savings.



SFA CPGs use their collective purchasing power and expertise to reduce food, supply, labor, and administrative costs. In addition, SFA CPGs are used to improve the quality and types of products (including low-sodium!) and services available to member school nutrition programs. SFA CPGs operate using procurement procedures that comply with the most restrictive Federal, State, and local requirements.

Although rare, a **cooperative purchasing agreement** may be between a Child Nutrition Program (CNP) State agency and their respective SFAs. In this case, the State agency procures products and services on behalf of their SFAs. SFAs are then allowed to purchase from the CNP State agency's procured sources without further competition if the State agency follows the Federal procurement regulations.

## BENEFITS OF COOPERATIVE PURCHASING

Cost savings is generally viewed as the most significant benefit of belonging to a CPG. Moreover, increased purchasing volume and power, the ability to network, and reduced administrative burden provide additional advantages.

### INCREASED PURCHASING VOLUME AND POWER

CPGs negotiate purchasing contracts as one large entity. Combined purchasing volume provides an opportunity for:

- Lower prices
- A wider range of products to select from
- Higher quality products with more favorable pricing

Combined purchasing power increases the ability to purchase large volume items, such as [USDA Foods](#) products or products directly from the manufacturer. In addition, CPGs often obtain products from local producers and processors. Purchasing from these alternative procurement sources often provides considerable cost savings.

### SODIUM REDUCTION SPOTLIGHT: PURCHASING POWER AND VOLUME

CPGs can leverage their purchasing power to:

- Demand more availability and/or the development of lower-sodium products
- Potentially receive lower prices on more obscure school-appropriate lower-sodium products
- Request volume purchases of lower-sodium products made to specification directly from a manufacturer

Are you currently able to or interested in procuring large volume items? In the following table, indicate your current utilization of the listed procurement sources and your interest in utilizing them through a CPG:

Procurement Source	Currently utilizing as an individual SFA		Interested in utilizing through a CPG	
	Yes	No	Yes	No
USDA Foods				
Direct from manufacturer				
Local producers/processors				


## NETWORKING

Membership in a CPG is an excellent opportunity for you to network and share information with other SFAs about products, distributors, successful menus, innovative ideas, and solutions to common issues. In addition, as a newer member, you benefit from the knowledge of more experienced school nutrition directors.


The combined knowledge and sharing among CPG members increases the availability of various menu items and influences the quality of meals, contributing to customer satisfaction and increased program participation.

## REDUCED ADMINISTRATIVE BURDEN

Belonging to a CPG allows you to avoid time-consuming tasks and administrative burdens of procurement-related functions (for example, researching and developing specifications, preparing solicitation documents, evaluating, awarding, and managing contracts) and focus your attention on other responsibilities.



**Sodium Reduction Spotlight:  
Reduced Administrative Burden**



Saves members time researching and developing specifications for lower-sodium products.

CPGs often utilize a prime distributor, which reduces deliveries, invoices, paperwork, payments processed, labor, and administrative costs for member SFAs.

Cooperative purchasing is particularly advantageous for small- to medium-sized SFAs in need of a volume cost savings. Belonging to a CPG can also ease the administrative burden of procurement-related functions for school nutrition directors who serve multiple roles, such as supervisor, nutritionist, accountant, personnel manager, menu planner, and food purchaser. Additionally, in rural areas, purchasing groups are often more successful than individual SFAs in attracting vendors willing to deliver to their locality.

## CHALLENGES OF COOPERATIVE PURCHASING GROUPS

While joining a CPG may be advantageous for some SFAs, membership in a purchasing cooperative is not the right solution for all. Some challenges include *product consensus*, *administrative costs*, *delivery options*, and *storage capacity*.

### PRODUCT CONSENSUS

CPGs often have opportunities to procure a broader range of products and higher quality menu items than what can be procured by an individual SFA. Higher quality products may drive increased student participation in school meals, which may offset food costs. However, you need to be willing to compromise with other group members on what products to procure. This compromise means that you MAY need to replace current products with higher quality versions (potentially increasing your food costs) OR eliminate certain items from your menu.

Use the table on the next page to think through product compromises you may need to make in your menu.

Product Consensus Brainstorm

In the table below, list your students’ favorite menu items. Then, indicate your willingness to purchase a higher quality item (at a potentially higher cost) or eliminate it from your menu. Joining a CPG doesn’t mean that these favorite menu items will no longer be available, but the possibility should be considered.

What are your students’ favorite menu items? Please list below.	Willingness to purchase a higher quality item (at a potentially higher cost)					Willingness to eliminate this item from the menu				
	1=not willing, 2=somewhat not willing, 3=undecided, 4=somewhat willing, 5=willing									
	1	2	3	4	5	1	2	3	4	5
	1	2	3	4	5	1	2	3	4	5
	1	2	3	4	5	1	2	3	4	5
	1	2	3	4	5	1	2	3	4	5
	1	2	3	4	5	1	2	3	4	5

ADMINISTRATIVE COSTS

There are often costs associated with participating in a CPG. For example, you may be required to pay an initiation or application fee, annual administrative and/or membership fees, additional delivery fees, and/or penalties (typically related to order omissions/additions). When exploring a CPG, ask the Group’s officers or designated representative about membership fees and other requirements (that may incur additional costs) to participate.

If you are considering joining an existing CPG, be sure to calculate and compare the cost of procuring through the CPG to the cost of procuring on your own. Fees may offset the potential savings of increased purchasing power.

Your cost analysis must consider:  
CPG fees + CPG cost per purchase unit of food product vs. non-CPG cost per purchase unit of food product

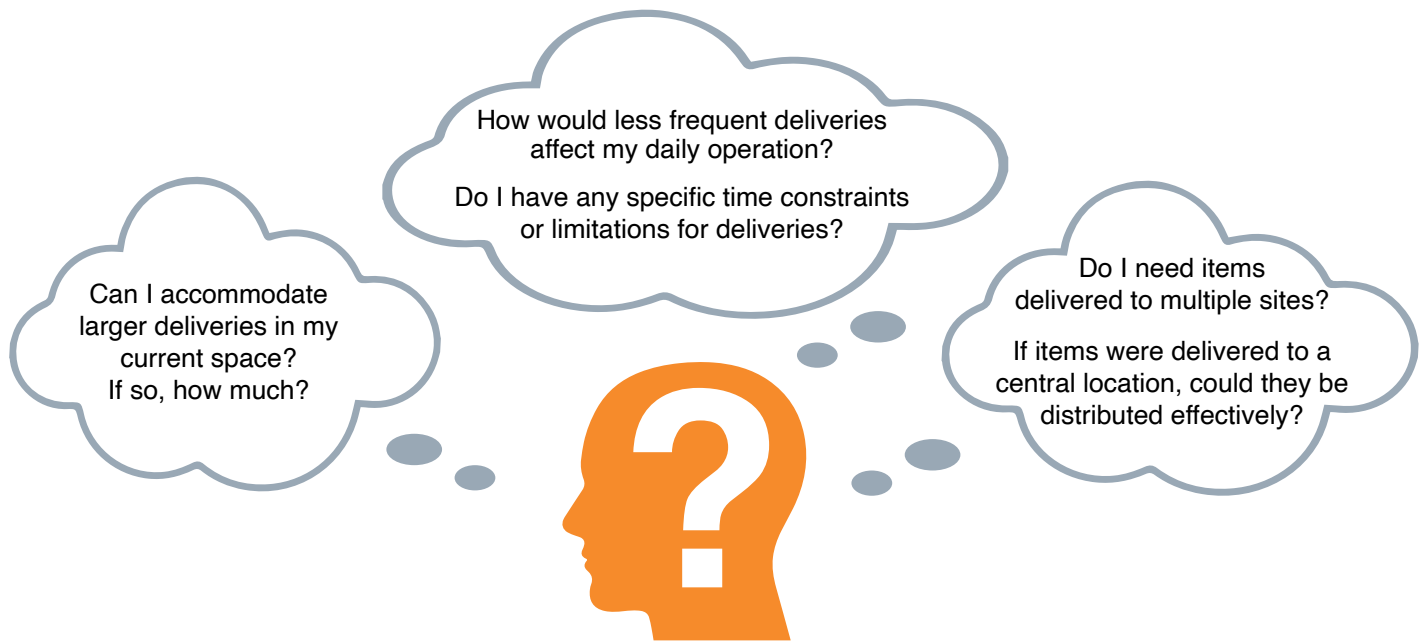
DELIVERY OPTIONS & STORAGE CAPACITY

The number of deliveries and delivery locations significantly impact pricing. Belonging to a CPG raises the possibility of receiving larger and less frequent deliveries, which is more cost-effective for the group. Check your dry and cold storage spaces to see if you can accommodate an increase in delivery volume.

Let’s look at your current delivery schedule. Use the following table (or create your own) and list when and where your distributors deliver their products.

	Distributors	Products	Sites
Monday			
Tuesday			
Wednesday			
Thursday			
Friday			

Next, refer to your schedule to think through the following delivery and storage considerations.



You may need to purchase or rent additional storage equipment or space if your SFA can't accommodate an increase in delivery volume. Be sure to calculate and compare the savings gained as a member of the CPG to the cost of acquiring additional storage equipment or space.

Every SFA is unique and has different procurement needs. Therefore, membership in a CPG requires careful consideration.

**What are the perceived BENEFITS of your SFA belonging to a CPG?**

- 1.
- 2.
- 3.

**What are the perceived CHALLENGES of your SFA belonging to a CPG?**

- 1.
- 2.
- 3.

The *Participant's Workbook* included with the ICN training, "[Procurement of Foods: Cooperative Purchasing Groups](#)," provides more detailed information about CPGs. It also outlines the next steps to take and questions to ask when thinking about joining or forming a CPG.

***Recognizing the benefits and challenges of cooperative purchasing and your SFA's needs are the first steps in determining if it is the best option for your SFA. Reflect on how belonging to a CPG may help you meet the sodium targets.***

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