



IN DEVELOPING POLICY, CONSIDER THESE
**10 ATTRIBUTES
OF HIGHLY SUCCESSFUL
PURCHASING COOPERATIVES**
PLUS: 10 Lines of Inquiry for the Curious School Director

1. Co-ops that make contract awards based on the lowest competitive bid prices

Common sense would tell us bids are always awarded to the lowest bidder, but do not be fooled.

Some cooperative, state or national purchasing contracts are awarded without regard to price or without an evaluation among competing bids. These non-competitive contracts may derive from jurisdictions with lax rules, organizations running pay-to-play schemes or high-level governments with special privileges.

Most school districts need competitive bids to be compliant with their governing rules. Federal E-rate funding regulations, for example, require that price be the predominant factor in a contract award.

- ✓ ***Ask not only if the co-op's awards went to the lowest bidder, but also if the bidding agency conducted a substantial line-by-line comparison of equivalent products.***

2. Co-ops that issue Requests for Bids (RFBs) as opposed to subjective Requests for Proposals (RFPs)

A good co-op uses a strict and respected Request-for-Bids process. In its RFB, the agency will write specifications in its terms and conditions that define expectations for vendors – for example, expectations regarding future parts, free delivery conditions, price-increase parameters, reporting requirements and repair options.

In contrast, an RFP invites the vendor to propose the services and the products that will make up a solution. Competing proposals may be scored, but such rubrics are subjective. And when it comes to picking a winner, there is often a negotiation that can prove biased toward a particular vendor.

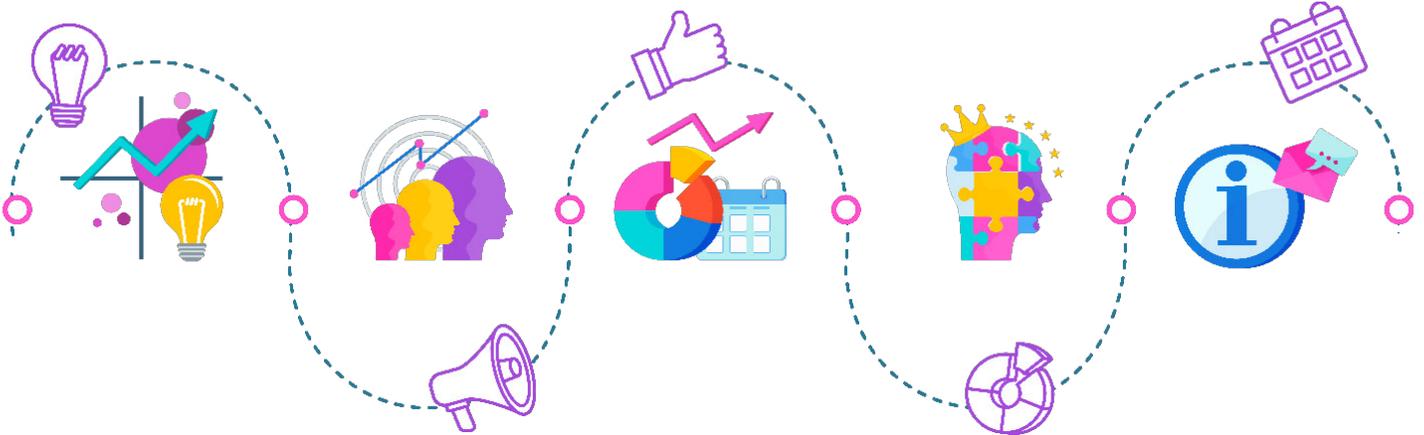
An RFB approach satisfies your district's need for authentic competitive bids that can be awarded objectively to the lowest, responsive, responsible bidder.

- ✓ ***Ask what bidding methodology your prospective co-op uses. Will that method comply with the requirements of your state laws and your own board policies?***

3. Co-ops that solicit bids from a large pool of potential bidders

To give an edge to a small group of favored vendors, some cooperatives may limit the distribution of a Request for Bids. An advertisement may be placed in an obscure newspaper, merely to meet the letter of the law, not the spirit of the law.

Instead, look for the co-ops who know that soliciting nationwide and placing advertisements in multiple publications increases the apparent supply of goods. When the apparent supply of goods is expanded, competition increases. The possibility of finding lower prices falls in your schools' favor.



For districts worried about losing excellent service from long-standing vendors or local vendors, a good co-op will set those needed service standards inside the bid language. This ensures a continuation of prompt help, friendly customer service, consistent delivery and support from a low-price bidder.

- ✓ **Ask for evidence your prospective co-op is looking for the best prices from the broadest apparent supply of goods available.**

4. Co-ops that employ leverage

The power to entice low bids is enhanced with leverage, either leverage by specific quantities or leverage based on proven volume among multiple agencies. Regional co-ops can only go so far with limited volume promises and participation. On the other hand, a national cooperative must be careful of RFB ambiguities that scare vendors into raising prices so they can serve the entire country effectively.

A forward-looking co-op understands leverage in the context of each of its RFB's solicitations. Does the RFB compel national participation or, instead, will it allow for certain vendor flexibilities, enabling the co-op to entice the best pricing? Flexibility can be its own leverage. Providing bidders with an option to use local resellers can be flexible leverage.

A good co-op has a strategy, wherein its terms and conditions act as a tool – a lever. Sometimes the lever is a carrot. Sometimes the lever is a stick. Sometimes the lever is a big stick. Sometimes the lever is a small carrot.

- ✓ **What is your prospective co-op's leverage strategy? Are their RFBs going too big? Too small? Or is the co-op nimble for each bid it solicits?**

5. Co-ops that offer choices among manufacturers and products so you can tailor solutions unique to your schools

Choice matters! Suppose your district has standardized on a Cisco network. In that case, you do not want a co-op trolling your staff with a Hewlett Packard networking contract, and vice versa.

The co-op that offers choices will have millions of competitively bid products under contract, not just thousands. And your selection of suppliers and resellers will also be diverse. Your staff will have options to buy in a way that balances with their style and expectations.

You will lower your district's acquisition cost when you use a centralized suite of co-op contracts with all the proper options.

- ✓ **Before approving a co-op solution, ask how broad the assortment of contracts is for your agency. Will those options be available for the long term, or will they disappear once any individual contract ends?**

6. Co-ops with the public interest at heart, not ones distracted by shareholder interests over schools'

Let's face it, publicly traded corporations have a duty to make a profit and bring value to their shareholders. This can be a competing interest if they are running purchasing cooperatives with multiple lead agencies. In these configurations, a corporation can make directives relating to terms and conditions, products to be bid and vendor service standards.

Alternatively, there are many effective national cooperatives run by public agencies whose mission is service to schools and students, not shareholders.



- ✓ ***Inquire about the governance of a cooperative. If it is run by an educational or municipal agency, you are likely to enjoy a more collegial relationship, an ability to exercise joint powers and greater transparency into the bid process.***

7. Co-ops that have a post-award management program in place

Getting the best bids is only half the battle for an effective cooperative.

After the award, when sales are being made, who is watching out for your schools? Are they seeing the right prices? Will the co-op even see the actual purchase orders? Who is going to check into vendor shenanigans? Are your schools being invoiced correctly?

- ✓ ***Ask what oversight and support your prospective co-op gives after it has made a bid award.***

8. Co-ops whose language and terms are written in a way to permit you to use your federal grant funds

When going after the lowest price, some co-ops may overlook the source of funds schools will use to buy their equipment and supplies. In particular, the federal government imposes persnickety rules that are often overlooked.

That’s why the best cooperatives hire lawyers to write RFB language that forces prospective bidders to be in line with federal requirements. Whether using E-rate funds, Title V grants, or CARES Act relief, you do not want your purchases questioned under a federal audit.

- ✓ ***Ask if your prospective cooperative has a standard set of terms and conditions relating to federal funds. Is this language common among all its contracts, or is the language different depending on different lead agencies involved?***

9. Co-ops that are transparent, unafraid to post bid documentation

If there’s something to hide, there may be something wrong. How transparent is the cooperative you want to use? Will your staff have to call, badger and cajole to get terms and conditions? Is the signed contract downloadable?

Effective and successful cooperatives make it easy to get documentation, posting the most crucial documents online for download.

Some co-ops go further, posting pricing for every item under contract. Also, some will post pictures of products, product specifications and even product user manuals.

- ✓ ***What level of transparency will your district enjoy after authorizing the use of a new cooperative contract? How will your staff get daily access to accurate and current pricing?***

10. Co-ops that have a helpful website

Imagine a co-op has a suite of many contracts, millions of bid-protected products and transparent documentation. In that case, it will also have to have a robust, easy-to-use website.

As a bonus, exemplary co-ops may provide other tools, such as list-making capabilities, shopping carts, reporting dashboards and search capabilities.

- ✓ ***Ask what tools the cooperative offers on its website, affirming transparency, bonafide credibility and useful functionality.***



PEPPM, predominantly known as Pennsylvania’s bid-protected source for technology products, displays more than 300 CSIU contracts and three million products on its website at www.PEPPM.org. To see pricing, view documentation, and use the new, safer Amazon Business contract, register [here](#). Contact Jared Lehman (jlehman@csiu.org) or Amber Lind (alind@csiu.org) for more information.

KPN, the Keystone Purchasing Network, specializes in supply and construction-related contracts. All KPN contracts can be viewed at www.TheKPN.org. Register for KPN membership [here](#). Contact Mark Carollo (mcarollo@csiu.org) or Cassie Seabridge (cseabridge@csiu.org) for more information.