

BUSINESS OF NUMBERS & NUTRITION

CHILD NUTRITION DIRECTORS
AND BUSINESS OFFICIALS

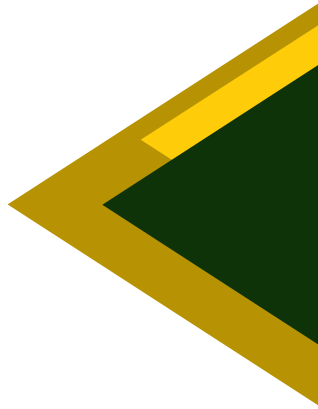
Cooperatives & Third Party Entities

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Cooperative Purchasing Groups

- Formed through an agreement with SFAs
- Increases purchasing power
- Is an agreement to competitively procure goods and services

Cooperative Purchases



A cooperative purchasing group can utilize its increased purchasing power and combined expertise to effect reductions in:

- Food and supply costs
- Labor costs
- Administrative costs

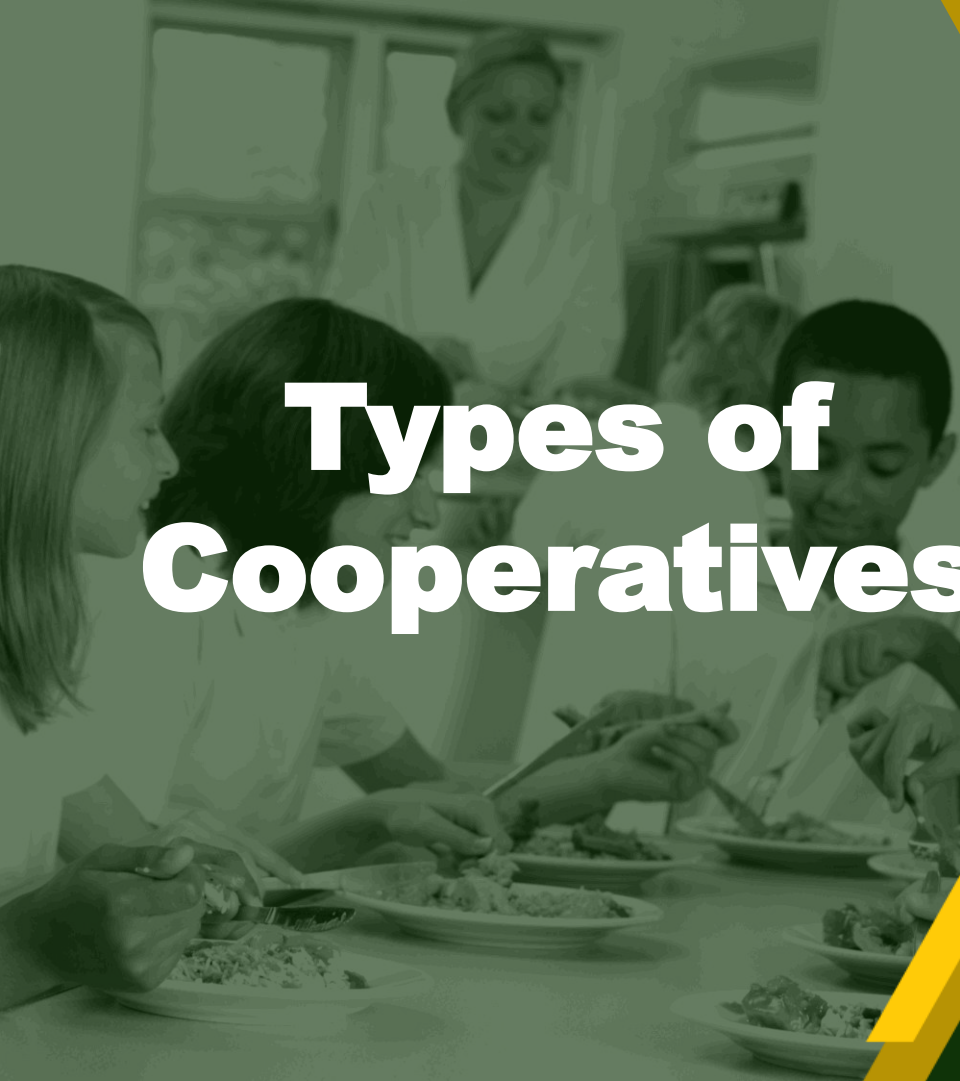
Presentation Agenda

01 Types of Cooperatives

02 Advantages of Cooperatives

03 Disadvantages of Cooperatives

04 Member Roles & Responsibilities



Types of Cooperatives

01

SFA Only

- Contains SFAs Only
- Education Service Centers
- Agreements to competitively procure goods and services jointly
- May include fixed fees to cover overhead or prorated share of administrative costs

Procurement Considerations

- Cooperative must follow the same regulations as an individual SFA
- Cooperative should operate in a manner that is advantageous to the SFA's program operations
- Each SFA is responsible for terms and conditions of the contracts executed by the cooperative

Inter-local Agreements

- Inter-local agreements between governmental entities are allowed (SFA/ESC)
- Nongovernmental entities must properly procure for ESC/Agent/GPO procurement services

Cooperatives that utilize an agent

An agent is a person or business that acts on a client's behalf to procure goods and services

- Must follow governmental procurement requirements
- Agent services must be properly procured

Considerations for using an agent

When deliberating whether to use agent, consider:

- Availability of qualified sources
- Time
- Expertise and
- Agent's fee(s)

Vendor Fees

- Fees included in a contract that require vendors to pay a fee for doing business with the client
- Revenue must accrue back to the Child Nutrition fund
- Revenue may be utilized to pay agent fees

Benefits of an Agent

- Provides knowledge of qualified sources
- Has technical understanding of the supplies to be purchased and/or
- Has the time and expertise to conduct a proper procurement

Group Purchasing Organizations

- Also known as Group Buying Organizations and 3rd Party Vendors.
- Can include public, for-profit and nonprofit entities
- Must be properly procured
- Membership fees grant access to GPO price list
- Price list can be used as one source of pricing in procurement



Advantages of Cooperatives

02

Advantages of Cooperatives

- Increased purchase power
- Enhanced quality and availability of products
- Reduced administrative burden
- Increased direct from manufacturer opportunities
- Increased networking
- Centralized decision making

A photograph of a group of people, including children and adults, sitting around a table and eating a meal. A woman in a white uniform stands in the background, possibly a nurse or caregiver. The scene is set in a bright, indoor environment, likely a dining room or a community center. The image is overlaid with a semi-transparent green filter.

Disadvantages of Cooperatives

03

Disadvantages of Cooperatives

- Increased quality = increased food costs
- Difficult to gain consensus amongst members
- Less flexible delivery schedules
- Storage of higher delivery minimums
- Administrative costs



Member Roles & Responsibilities

04

Member Roles and Responsibilities

Each member must:

- Provide forecasted and realistic usage
- Assist with product specifications
- Attend group meetings
- Develop menus that utilize awarded food items
- Monitor vendor performance

Resources

- www.squaremeals.org
- Education Service Centers
- Institute for Child Nutrition – Cooperative Purchasing Groups training
- <https://www.fns.usda.gov/>

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Thank You!

Questions?

