



The Advantages of Cooperative Purchasing

Leveraging Economies of Scale

By definition, Cooperative Purchasing is a business model that allows a group of buyers to pool their buying power to negotiate more favorable pricing on goods and/or services. Cooperatives are setup to take advantage of the combined purchasing volume of the multiple companies in the group.

Cooperatives can vary in size, but are all usually built upon a common set of principles, such as:

- Voluntary and open membership
- Autonomy and independence
- Education, training, and information for members
- Concern for community
- Financial accountability

Cooperative Purchasing can create significant contributions for its members' bottom lines by lowering costs, reducing redundancy, and freeing up valuable resources to be reallocated to other strategic initiatives.

Some of the benefits members can expect to take advantage of when utilizing a cooperative are:

- **Best practices** – Access to the combined knowledge of all members to help identify best practices and efficient methods to reduce total cost and improve efficiencies
- **Strength in numbers** – Volume purchasing power afforded by the size of the cooperative helps to provide each of the members with economies of scale that they wouldn't have on their own
- **Superior pricing** – Due to purchasing in volume, the cooperative gains the ability to negotiate for discounted pricing, and possibly rebates
- **Quality contract control** – Many cooperatives will conduct a spend analysis to identify goods and services, as well as suppliers, that are the most meaningful to the group. This helps to create a portfolio that includes suppliers dedicated to meeting the specialized needs of the membership.
- **Time savings** – Many purchasing agents simply do not have the time or resources to research new product categories, source competitive quotes, or negotiate pricing. These processes have already been completed by the cooperative, which releases time that can be reallocated to other tasks.

Ultimately, organizations that are part of a cooperative purchasing group should treat it as a reliable business partner, helping to support their mission and achieve their fundamental goals.

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