Cooperative Purchasing and Contract Services: Myths Vs. Truths

There are many misperceptions in the K-12 community regarding cooperative purchasing and contract services. Here, we address some of those misperceptions by discussing the myths and truths of both.

By Ellen Kollie

Across the country, there are various perspectives regarding the idea of going outside of the district for support and services. Clearly, each district needs to assess the idea from its own experience and situation. But district administrators also need to do their research by checking with colleagues as to their experiences and interviewing various service providers. Here are some myths about both cooperative purchasing and contract services, along with the truth about these services.

Cooperative Purchasing

Myth: Cooperative purchasing takes money out of the local economy.
Truth: “The truth is that, especially at the national contracting level, national cooperatives award at the manufacturer level,” says Duff Erholtz, who’s with the Membership Department of Staples, Minn.-based National Joint Powers Alliance (NJPA). “Manufacturers — almost 100 percent of them — utilize local, independent dealers to sell and service their products. For example, a lawn maintenance contract to a Kubota or...
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John Deere or Jacobson manufacturer is at the dealer level, providing most school districts access through local independent dealers. It can truly be a win/win situation. Administrators don’t have to duplicate the solicitation process: They are able to buy what they need and want, and they are able to use a local business person who may also be a strong school supporter, such as a booster, on nine out of 10 contracts.

**Myth:** I can get better prices on my own.

**Truth:** “Many school district procurement agents believe they can do better on their own,” says Gary Link, CPM, senior vice president for Contracts and Consulting with Jericho, N.Y.-based E&I Cooperative Services. “I consider that a myth because cooperative contracts today, unlike those of many years ago, are more developed to provide flexibility, and with that flexibility comes customization to a school district’s specific needs.

“For example,” says Link, “an agent may think, ‘I have my deliveries for office products coming to a central warehouse where I redistribute them, so that should save you, Mr. Supplier, some money and that savings can be passed on to me.’ Cooperative contracts today are developed with that in mind, and that’s where the flexibility and customization comes in: Yes, it would be problematic for everyone because it would put our contract in jeopardy (which, by the way, our supplier wouldn’t do) and the supply and demand doesn’t make sense.”

**Myth:** Purchasing is my job, and I’d like to keep my job, so I’ll just keep doing all the labor-intensive bidding myself.

**Truth:** “Purchasing administrators often have the misconception that cooperative purchasing takes away from their jobs — that with it they don’t have to do their own bidding and contracting with vendors and, therefore, they don’t know what they’d do with their time,” says Jeff Kimball, director of Cooperative Services for Milton, Pa.-based Central Susquehanna Intermediate Unit (CSIU), of which Keystone Purchasing Network (KPN), a national purchasing procurement program, is an initiative. “In reality, it frees their time to focus on other procurement needs in that someone has already done the work for them of writing a bid proposal, advertising, evaluating contracts and choosing a vendor. They can use a local, regional or national contract to procure the products and services they need for which someone else has already done all that work. If you can piggyback on what someone else has already done, there is great time savings which can be used to concentrate on smaller purchasing needs that may not fall under a cooperative purchasing contract. That can drive a lot more value in the long term to securing more products for their agencies.”

**Fact checking.** The desire to get more money in the classroom has caused school officials around the country to consider contracting out support services to private companies. The idea is that districts need to focus on their core competencies in providing their students with a good education, while leaving their supporting services to professional firms to handle. One other factor that needs to be considered is that state laws are different and affect the districts’ ability and tendencies to contract out some support services. There are a number of factors to consider when making these decisions, so make sure you are being provided with factual information.
Contract Services

**Myth:** If my department is contracted out, I will lose my job.

**Truth:** “This is really about the fear of the unknown,” says Link, who has hands-on experience from the client’s perspective in previous positions where managed services were outsourced. “In every case I have been associated with, employees were afforded greater opportunities to progress both upward and via relocation than were afforded by remaining an employee of the contracting organization.

“Contracts are written so that, when employees are taken on, it’s at an equivalent salary and benefits package,” continues Link. “For example, employees who have earned four weeks of vacation per year might get three weeks of vacation and one week paid. There are lots of ways to structure the agreement to keep employees whole or even better off than they were before. Looking at the overall picture, then, the efficiencies that are gained don’t come from lower-salaried employees but from managing more efficiently what an in-house operation normally does.”

**Myth:** This service may be working for our colleagues, but our organization is different, so there’s no way it will work for us.

**Truth:** “Service providers have to adapt their methodologies to each client’s needs,” says Jim Cantrell, K-12 industry vice president with Norwalk, Conn.-based Xerox’s Large Enterprise Operations.

“We cannot tell clients to ‘do it our way.’ If we do, we can expect them to tell us to ‘get out, stay out, and don’t come back.’ Adapting a methodology to provide a service is about education and flexibility: including everyone in the decision-making process and being flexible enough as a vendor to understand that, when we go in to deploy, there are situations that have to be acknowledged and supported, and each campus is different. There is no one-size-fits-all solution.

“Our mantra is ‘Work can work better,’” Cantrell continues. “We partner with our clients to create solutions that we deploy and for which we are responsible that allow work to work better so that educators can focus on their core competency: education. In the process, we strive to create a true partnership between us, the client, and the IT and finance departments. And that partnership has to be continually nurtured so that we can satisfy the client.”

**Myth:** Contracting out a service won’t save us money; it will cost us money.

**Truth:** “In most instances, at least in the case of an education technology management (ETM) firm, districts save money via a fixed fee model,” indicates Jeffrey Main, CEO of Corapolis, Pa.-based Questeq, which specializes in ETM. “A big reason for the savings is that outsourcing enables districts to save on health costs and on state retirement system costs (PSERS in Pennsylvania). At least in Pennsylvania, the funding of the state retirement system for districts and the state is increasing dramatically to make up for retirement fund shortfalls. Outsourcing can save a school district with a mid-sized technology department a million dollars in five years. Many districts choose to reinvest the savings to strengthen the district’s ability to deliver outcomes with technology, as they understand that improving student engagement can improve student performance. In addition, the outsourced employees are employed by the outsourcer, but work on-site for the district, and they are coached to become as vested as any employee working for the district.”

Not all purchasing cooperatives are alike, but all have a goal of saving you time and money. You may even choose to join more than one, depending on your needs and the savings they offer. Similarly, not all outsourcers are alike. In general, their goal is to meet you where you are and help you reach your goals by providing a top-notch service, maintaining your staff at existing or better salary and benefits, and saving you money. Before making a decision, do your homework. You may find that you get more than you anticipated.