Keys to Successful Cooperative Purchasing for Smaller Districts

Timothy W. Goossens
July 11, 2011
Basic Assumptions

• The primary goal of coop membership is to obtain better pricing
• You are a small to medium sized school district; large districts may have sufficient size to bid independently
• There are other similar districts within your region
• Bidding to distributors, not manufacturers
Basic Assumptions

• There is no state cooperative in place such as in Mississippi
• Training is important – First Choice and other programs are critical
• Member directors are willing to relinquish some control to obtain better pricing
• Must be able to work towards consensus
Key Steps

1. Select Districts for Membership
2. Research Distributors
3. Structure the Bid
4. Develop Bid Documents
5. Solicit Bids
6. Award Bids
7. Monitor Vendor Performance
8. Evaluate and Modify Bid

Existing Groups have already done some of these steps!
1. Select Districts for Membership

Factors to Consider

• District size in relation to others in group
• Drop size of each school within district
• Use of common items or willingness to change
• Interview director
  • Get their commitment to fully participate
  • Make sure they understand rights and responsibilities
• Geography
  • Cluster - Distance from others
  • Ease of Access
1. Select Districts for Membership

Keep in mind…

• Larger districts within group usually support smaller ones to some extent

• When adding new districts, they must enhance group’s appeal to distributors. Don’t grow for the sake of growth!

• Make decision on new members based on established criteria
2. Research Distributors

• Initiate dialog with as many legitimate vendors as possible

• Evaluate distributor service areas
  • Determines single or multiple award
  • Multiple award can result in different pricing structures for members - effectively creates 2 or more different bids.
  • If no vendors service entire area, may need to consider this
2. Research Distributors

• Amount of bid items currently stocked – Do they want to be in the school market?

• Ask distributors to preview current Bid Specs and Item Lists for comment – may be eye opener

• Get references and do “background check” if you are unfamiliar with the company

• Develop a vendor list or database
3. Structure the Bid

Things that need to be determined…

• Bid or RFP?
• Develop Categories and Item Lists
• Develop Item Specifications
• Cost plus fee or delivered cost?
• Determine type of award
3. Structure the Bid

Bid or RFP?

- Use a Bid when:
  - You want distributors to bid on a specific list of items that you have established
  - The items you want are available from multiple vendors
  - Price is the main determining factor in the award
  - “tell” more than “ask”
3. Structure the Bid

Bid or RFP?

• Use an RFP when:
  • Specific brands or items not as important to members
  • There are few common items between vendors
  • You want to consider factors other than price in the award
  • “ask” more than “tell”
3. Structure the Bid

Develop Item List(s)

- Start with what members are already buying
- Initial development is most difficult – it gets easier!
- Have Sampling meetings
- Consider Nutritionals
- Get samples from potential distributors
- Meet with brokers, manufacturers early in process to see what’s new
3. Structure the Bid

Categories to Consider …

- Grocery
  - May have Sub-bids
- Paper Goods
- Ice Cream
- Snack Items

Keep in Mind…

- Make sure categories are large and broad enough for distributor to have interest and make a profit
3. Structure the Bid

Categories that are more difficult

- Milk
  - Usually a State Bid in place
  - May be difficult to find vendors for entire group
  - Prices fluctuate based on Federal Milk Market
  - Small independent vendors may be in market

Consider sub groups of the main Coop to take advantage of local milk vendors!
3. Structure the Bid

Categories that are more difficult

- Ware washing
  - Initial equipment investment and set up – don’t want to change from year to year
  - Difficult to compare products across vendors
- Produce and fresh meats
  - Volatile markets
  - Usually cost plus fixed fee
3. Structure the Bid

Bid Categories – Grocery Bid

<table>
<thead>
<tr>
<th>Baking</th>
<th>Frozen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breads</td>
<td>Meats</td>
</tr>
<tr>
<td>Canned</td>
<td>Refrigerated</td>
</tr>
<tr>
<td>Condiments</td>
<td>Pizza</td>
</tr>
<tr>
<td>Dry</td>
<td>Snack</td>
</tr>
</tbody>
</table>
3. Structure the Bid

Keep in mind…

• If there are specialty distributors in the market, consider a subset of a larger bid to enhance competition.
3. Structure the Bid

Sample Bid Categories – Grocery Bid

<table>
<thead>
<tr>
<th>Baking</th>
<th>Frozen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breads</td>
<td>Meats</td>
</tr>
<tr>
<td>Canned</td>
<td>Refrigerated</td>
</tr>
<tr>
<td>Condiments</td>
<td>Pizza</td>
</tr>
<tr>
<td>Dry Goods</td>
<td>Snack</td>
</tr>
</tbody>
</table>
3. Structure the Bid

Keep in mind…

• All bids are independent of each other
• Full Service vendors may bid on any or all
• Make bids attractive to vendors in terms of volume and profit potential – some items are more profitable than others for the distributor
• In order for the group to be successful long term, the system must be good for all parties involved!
3. Structure the Bid

Item Specifications - Several different ways to spec each line:

- Hard Spec
- Multiple Hard Spec
- Or Equal
- Product Descriptions
- Distributor’s Choice
3. Structure the Bid

Hard Spec

• Specific brand and item number
• You know exactly what you are getting
• May be a new item for some distributors
• Group wants this item and nothing else will do!
• May need to allow “Equals”
3. Structure the Bid

Multiple Hard Spec

• Same as above, but you have more than one specific brand and item number per line
• Retain control, but gives vendors some latitude
• Creates competition at the manufacturer’s level
• Consider for key items, not every item
3. Structure the Bid

“OR Equal”

• Specific brand and item number or an “equal” item
• Use when there may be many alternates
• Group decides what is equal
• Ensure system is in place to evaluate Equals
• Beware of higher cost items, check nutritionals
• If item is accepted, consider adding to spec
• Post accepted Equals to website for all vendors to see
3. Structure the Bid

Product Descriptions:

• Name of product
• Federal grade
• Size of product
• Quality indicators
• Packaging procedures

Keep in Mind…

• Can be time consuming and difficult to verify
• Use for fruits, vegetables and non processed items
• But…Opens door to more acceptable items
3. Structure the Bid

Product descriptions – resources

- Commercial Item Descriptions (CID) – Simplified product descriptions that concisely describe key characteristics of a product
- USDA grading information

www.ams.usda.gov
3. Structure the Bid

Distributor’s Choice

• Distributor can bid any brand
• Usually results in good price for the line
• Use when specific brand is not important
• May be used in conjunction with some minimum standard or grade
• Allows distributor to supply house labels
• Potential quality issues
• Need way to adjust for different pack sizes in calculation
3. Structure the Bid

Keep in Mind…

- Multiple flavors per line for items such as chips, dressings, cookie dough can be tricky
  - Can result in many more lines
  - If combined, distributor usually prices based on most expensive variety in group
- Don’t add low volume specialty items
- OK to add low volume common items, but you may not see any price break
- Don’t include every item you buy on the item list!
3. Structure the Bid

• Projections are important - give distributors only totals, but monitor individual districts
• Use velocity reports from current distributors
• Make sure members buy from winning vendor if an item is projected by that member!
3. Structure the Bid

Cost Plus Fee or Delivered Cost?

• Cost Plus Fee
  • Your price is distributor’s cost plus a fixed fee per case - fee covers delivery and profit
  • Useful if a single distributor has to cover a large geographic area or if using multiple distributors
  • Used primarily by groups who bid directly to manufacturers
  • Cost plus PERCENTAGE of cost is NOT allowed by USDA regulation
3. Structure the Bid

Cost Plus Fee or Delivered Cost?

• Delivered Cost
  • Distributor quotes a final price for each item
  • More common than cost plus for small groups or districts
  • Each district in group gets the same pricing
  • Easier to administer and compare between distributors
3. Structure the Bid

Type of Award

- Bottom line
  - More aggressive bidding - vendor knows volume
  - Vendor must bid on every line
  - Single Vendor on site
  - Easier to meet minimums
  - Less paperwork
3. Structure the Bid

Type of Award

• Line item
  • Vendor unsure of volume - potentially higher pricing
  • Vendor may withdraw if not enough volume
  • Have to deal with multiple vendors
  • May have more small deliveries
  • Difficult to meet minimums
  • Greater administration
3. Structure the Bid

Type of Award…

*Bottom Line*

*Line Item*
4. Develop Bid Documents

You should Include…

- Submission process overview - What to submit and how to submit it
- Debarment statement (Contractor’s Certification of Eligibility)
- Signature or Acknowledgement of Terms
- Full Member Listing
- Bid Specifications – covers all the details
4. Develop Bid Documents

- Bid Specifications should cover:
  - Key Dates
  - Group’s responsibilities
  - Nonperformance clause
  - Roll over or extension language
  - Nutritional information requirement
  - HACCP policy
  - Time period – calendar year is best, summer programs
  - Minimum drop size
4. Develop Bid Documents

• Bid Specifications should cover:
  • Escalation Procedure
    • Lower initial prices
    • More vendors that may not be familiar w/ school market
    • More vendors in a volatile market
    • Less vendor apprehension
    • Retain the right to audit
GROCERY BID SPECIFICATIONS

Bid to be in effect from August 15, 2011 through August 12, 2012

General

1. Each vendor submitting a bid will be required to sign the enclosed acknowledgment statement and return it with the bid submission. Furthermore, by signing and returning the aforementioned acknowledgment statement, each vendor agrees that they are bound by the specifications outlined below in the event they are awarded the bid.

2. Each vendor submitting a bid will be required to sign the enclosed Contractor’s Certification of Eligibility and return it with the bid submission.

3. All entries and calculations submitted on this bid are considered by the Buying Group to represent the intent of the bidder. The Buying Group WILL NOT allow changes to any entry due to an error on the part of the bidder at the time of the bid opening, or at any time during the bid cycle. If an error is discovered by the vendor and affects the purchase of the bid, the bid in question may be withdrawn in its entirety or the bid price must be honored regardless of profit or loss to the distributor.

4. If a bid has been awarded and the vendor withdraws the bid, for any reason, the 30 day written notice of intent must be submitted to the Group coordinator. The 30 day notice will begin on the date of receipt of the notice, and during this 30 day period all bid prices and specifications must be honored by the distributor. If the bid is withdrawn, the vendor acknowledges that all of their bids may be eliminated from consideration for the next bid cycle.

5. To be considered for the award, vendors must bid on ALL items as listed on the bid sheet.

6. Several lines have items specified “OR EQUAL”. An item may be submitted “AS EQUAL” in accordance with the terms outlined on the accompanying document entitled “Procedure for Submitting an Item as Equal”. The group reserves the right to make the determination on the acceptability of a brand submitted “AS EQUAL”. A separate page specifying these items and the terms of submission has been included with the bid document.

7. The vendor awarded the bid is aware of the Key Dates listed below and will act accordingly.

8. The vendor awarded the bid assumes responsibility to pass on all rebate and coupon information to all members of the Buying Group.

9. The vendor awarded the bid is to provide a web-based ordering system. Training requested by any district is to begin no later than 2 weeks after the request is made.

10. The vendor awarded the bid must bid only brand and manufacturer’s code as specified, or an item approved AS EQUAL. All items must be bid in the case/pack size specified if available. This is the Base Case Size. If specified case/pack differs from the Base Case Size, the case size being bid should be listed in the Actual Case Size column and the spreadsheet will automatically adjust the projection.

11. The winning vendor shall provide an ingredient list and nutritional analysis for all bid items in a format acceptable to the group.
4. Develop Bid Documents

• Things to consider when developing Bid Specifications:
  • Regulatory Environment - research any State, Local or Federal Regulations
    • 7 CFR 210
  • First Choice Manual
  • NFSMI
  • Your state purchasing department
  • Your state CN agency

http://www.fns.usda.gov/cnd/Governance/regulations.htm
4. Develop Bid Documents

You should Include…

• **Submission process overview** - What to submit and how to submit it
• **Debarment statement** (Contractor’s Certification of Eligibility)
• **Signature or Acknowledgement of Terms**
• **Full Member Listing**
• **Bid Specifications** – covers all the details
• **Bid List or Tabulation** – the shopping list
4. Develop Bid Documents

The Bid Sheet or “Tabulation”

• Listing of all items and specs, usually in Excel
• Should include
  • Projections by line
  • Bid unit
  • Approved Brand(s) or description
  • Case / Pack Size
  • Vendor Comment area
  • Extended Cost
  • Locked cells for fixed items
4. Develop Bid Documents

The Bid Sheet or “Tabulation”

• Nice to have
  • Calculation for differences case size
  • Data validation to prevent incorrect entries
<table>
<thead>
<tr>
<th>Line #</th>
<th>Item</th>
<th>Bid Unit</th>
<th>Pack</th>
<th>Base Case Size</th>
<th>Approved Brand(s)</th>
<th>Projected Usage</th>
<th>Actual Case Size</th>
<th>Price per Unit</th>
<th>Acquired Projection</th>
<th>Extension</th>
<th>Vendor Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bag, Brown paper 48</td>
<td>cs</td>
<td>4000</td>
<td>4000</td>
<td>Distributor’s Choice</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Bag, Bun pan cover ROLL 21 x 6 x 35 .0005 gauge</td>
<td>cs</td>
<td>200</td>
<td>200</td>
<td>Elkor Plastic 80K1635</td>
<td>162</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Bag, Cheeseburger foil, 6.75 x 6.75</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Distributor’s Choice</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Bag, Kenco unmarked foil, 6.75 x 6.75</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Unknown 321601</td>
<td>58</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Bag, Hamburger foil, 4.75 x 4.75</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Distributor’s Choice</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Bag, Hot Dog foil, 3 x 2 x 9</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Distributor’s Choice</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Bag, poly, 10 x 6 x 20, 75 mil.</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Distributor’s Choice</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Bag, poly, 8 x 4 x 18, 70 mil.</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Distributor’s Choice</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Bag, Snack, 7.5 x 7.5, .0005 gauge</td>
<td>cs</td>
<td>2000</td>
<td>2000</td>
<td>Elkor Plastic 87571, Handler 24-8720</td>
<td>93</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Bag, Sandwich Lunch Top, 7 x 7, .0005 gauge</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Elkor Plastic P07</td>
<td>51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Bag, Seal top - 1 oz, 10 x 12</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Distributor’s Choice</td>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Bag, Seal top - 2 oz, 12 x 15</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Distributor’s Choice</td>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Bag, Seal top - 5 x 8 OM 6 x 8</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Distributor’s Choice</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Bakery Tissue, white waxed, 12 x 10.75</td>
<td>cs</td>
<td>6000</td>
<td>6000</td>
<td>Distributor’s Choice</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Bakery Tissue, white waxed, 6 x 10.75</td>
<td>cs</td>
<td>10000</td>
<td>10000</td>
<td>Distributor’s Choice</td>
<td>56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Bleach</td>
<td>cs</td>
<td>5</td>
<td>5</td>
<td>Distributor’s Choice</td>
<td>127</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Bowl, 10 oz Foam Insulated</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Dart 1032E</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Bowl, 5 oz Foam Insulated</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Dart 8520</td>
<td>142</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Bowl, 8 oz Foam Insulated</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>Dart 8620</td>
<td>54</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Bowl, Black Microwaveable, 16 oz.</td>
<td>cs</td>
<td>300</td>
<td>300</td>
<td>SENPAK FPE16</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Cassette, Foam Black Laminated 6 oz. (Product Premier)</td>
<td>cs</td>
<td>1000</td>
<td>1000</td>
<td>YTX9-0380</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Container, aluminum 7” cake round</td>
<td>cs</td>
<td>500</td>
<td>500</td>
<td>Distributor’s Choice</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Develop Bid Documents

The Bid Sheet or “Tabulation”

• Nice to have
  • Calculation for differences case size
  • Data validation to prevent incorrect entries
  • Hyperlinks for unusual or new items for the vendor to access
<table>
<thead>
<tr>
<th>Line #</th>
<th>Item</th>
<th>Brand(s)</th>
<th>Description</th>
<th>Total</th>
<th>Brand to be Supplied</th>
<th>Actual Case Size</th>
<th>Price per</th>
<th>Adjusted</th>
<th>Extension</th>
<th>Vendor Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bagels, blueberry large</td>
<td>Aarock 98101</td>
<td>60-4.5 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>96</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brooklin</td>
<td>60-4.0 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Bagels, chocolate chip</td>
<td>Aarock 99110</td>
<td>60-4.5 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>125</td>
<td>125</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brooklin</td>
<td>60-4.0 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Bagels, cinnamon raisin</td>
<td>Aarock 98116</td>
<td>60-4.5 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>158</td>
<td>158</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brooklin</td>
<td>60-4.0 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Bagels, cinnamon-raisin small</td>
<td>Aarock 97155</td>
<td>3 oz.</td>
<td>Pre-sliced</td>
<td>84</td>
<td>84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Original Bagel 45106</td>
<td>60-4.5 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Bagels, French Toast</td>
<td>Aarock 99150</td>
<td>60-4.5 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>478</td>
<td>478</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brooklin</td>
<td>60-4.0 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Bagels, plain long</td>
<td>Aarock 99120</td>
<td>60-4.5 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1062</td>
<td>1062</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brooklin</td>
<td>60-4.0 oz.</td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>Bagels, plain small</td>
<td>Aarock 99126</td>
<td>60-4.5 oz.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1440</td>
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<td></td>
<td></td>
<td>Original Bagel 25501</td>
<td>60-4.5 oz.</td>
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<tr>
<td>8</td>
<td>Bagels, wheat large</td>
<td>Aarock 99155</td>
<td>60-4.5 oz.</td>
<td></td>
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<td></td>
<td></td>
<td>96</td>
<td>96</td>
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<td></td>
<td></td>
<td>Brooklin</td>
<td>60-4.0 oz.</td>
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</tr>
<tr>
<td>9</td>
<td>Biscuits, RTF dough</td>
<td>Rich’s 12317</td>
<td>216 - 225 oz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>240</td>
<td>240</td>
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<td></td>
<td></td>
<td>Southern Style or</td>
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<td>Hermitor</td>
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<tr>
<td>10</td>
<td>Bread, Foccacia</td>
<td>Distributor’s Choice</td>
<td>13.16 oz.</td>
<td></td>
<td></td>
<td>12</td>
<td></td>
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<td>103</td>
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<td>Per Deli</td>
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<tr>
<td>11</td>
<td>Breadstick</td>
<td>Rudra 22241</td>
<td>170 - 1.5 oz</td>
<td></td>
<td></td>
<td>170</td>
<td></td>
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<td>147</td>
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<tr>
<td></td>
<td></td>
<td>Traditional Breads</td>
<td>150 - 1.5 oz</td>
<td></td>
<td></td>
<td>147</td>
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</tr>
<tr>
<td>12</td>
<td>Breadstick, Whole Wheat</td>
<td>Pierre Heartside,</td>
<td>144 - 1.5 oz</td>
<td></td>
<td></td>
<td>144</td>
<td></td>
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<td>542</td>
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</tbody>
</table>
4. Develop Bid Documents

Keep in Mind…

• More competition is the goal
• Greater number of vendors = long term better pricing and service
• Smaller independents usually have more flexibility
• Larger corporations usually have a broader product line
• If a company declines to bid, find out why
4. Develop Bid Documents

Keep in Mind…

• May need multiple Bid Specifications depending on structure of the bids
• Award may be made on other criteria in addition to price
• Cost plus percentage not allowed by USDA regulation – cost plus fee is AOK
• Analyze the Distributor’s perspective on any statement you make
5. Solicit Vendors

- Create a timeline agreed on by all members
- Ensure adequate time between solicitation and bid opening for sampling if necessary
- Set date, time, location at time of solicitation
- Electronic document delivery saves money and time – create zip files
- Maintain a “Vendor Database”
- Create a **website** even if under a district’s domain
6. Bid Opening and Award

- Set a specific time for each bid or RFP opening
- Allow adequate time for each bid. More time needed if you are new to the process
- It is a public event – make sure there is enough room available
- Don’t make award at the time of the opening. Just ask and answer questions, get clarification
6. Bid Opening and Award

- Allow no changes to any submissions after opening
- This is not a time for sales pitches – no marketing material should come with bid
- Require distributor to bring enough printed copies of submission for each member plus the other vendors.
- Require copy of tabulation on CD, flash drive for analysis or posting at time of submission or of winning vendor after award
6. Bid Opening and Award

- Make the award(s) based on your Bid Specifications
- If considering factors in addition to bottom line price, make sure they are in Bid Specs.
- Stand firm on your decision – losers may be upset and try to sabotage winner
- This year’s losers may be next year’s winners
- Make provision for getting item numbers and nutritionals
- Treat all vendors with respect!
7. Monitor Performance

- Verify invoices for correct items and pricing
- Make sure winning vendor follows Bid Specifications
- Correct any issues as soon as they are noticed
- Delivery times can be difficult to coordinate
- Be diligent, but realistic
- Process for non-compliance
8. Evaluate and Modify Bid

- Item numbers, specs and even manufacturers change from year to year.
- Keep a “changes” file – add notes, item spec changes as they occur.
- Update bid specs as necessary.
- Stay aware of regulatory changes.
8. Evaluate and Modify Bid

• Don’t get caught specifying items that no longer exist.
• Review your specs. Begin the sampling process early.
• Make manufactures and brokers aware of your desire to keep bid current
• Develop procedure for showing group new or changed items – use website for this
Other items of importance

• Use a single coordinator – volunteerism is great, but not efficient. THIS IS KEY!
• Institute a membership fee to compensate the coordinator
• Have only one spokesperson for the group – the Coordinator.
• Don’t share the group's business through casual conversations, even with trusted salespeople
Other Items of Importance

- Operate with integrity if you expect integrity in return
- Don’t be afraid to take chances
- Consistency – Make process the same each year – don’t change forms, etc for the sake of change
- Make sure all BA’s are aware and approve
Other Benefits of Coop Membership

• Support and validation
  • Directors are usually one per district
  • Great support system for new directors
• Teamwork and Networking
• Lobbying power
• Commodity Processing
www.thebuyinggroup.org