

Purchasing cooperation: joint procurement for greater market power and efficiency

A purchasing cooperation is the contractually or organisationally regulated alliance of several companies to pool procurement volumes and jointly achieve more favourable terms, better availability or qualitative advantages. For mid-market manufacturing companies, it is a practical lever for building market power vis-à-vis suppliers without having corporate scale of their own. The following article explains the forms, approach, KPIs and risks of the purchasing cooperation.

Key facts

- A purchasing cooperation pools the procurement volumes of several companies in order to achieve better prices and terms.
- Typical forms are loose collaborative purchasing, the purchasing cooperative and joint sourcing with contractual pooling.
- Key criteria for success are identical or similar demand specifications and clear governance rules.
- In practice, pooled material inputs frequently yield savings of typically 3 to 10 percent.
- Legally, antitrust limits must be observed; the exchange of sensitive cost data is taboo.
- Digital standards such as cXML and a clean procurement ETL process facilitate joint processing.

Definition: purchasing cooperation

A purchasing cooperation is the voluntary collaboration of at least two legally independent companies in procurement with the aim of exploiting economies of scale. The partners pool demand, negotiate jointly with suppliers or share infrastructure such as framework agreements, material testing or logistics services. The collaboration ranges from informal information exchange to a joint company.

Distinction from group-wide procurement

Unlike in a corporate group, each member of a purchasing cooperation remains legally and economically independent. There is no authority to issue instructions, but agreed ground rules, such as fixed volume allocations or a joint category charter that defines objectives and responsibilities per commodity group. It is precisely this voluntariness that makes reliable processes and trust the decisive success factor.

- No capital links, only contractual agreements
- Joint goals, but independent ordering decisions
- Clear allocation of volumes and savings

Economic background

Small and medium-sized enterprises frequently buy considerably smaller volumes than corporations and accordingly receive less favourable price breaks. Through pooled volumes, in practice they achieve price break tiers and discount scales that would otherwise only be open to major buyers. In addition, processing effort decreases because fewer suppliers are managed with higher volumes and the PO

cycle time falls thanks to standardised processes.

Forms of purchasing cooperation

Purchasing cooperations differ considerably in terms of intensity of commitment, legal form and scope of collaboration. The appropriate form depends on the commodity group, the competitive relationship of the partners and the strategic reach. Three basic types have become established in industrial practice.

Collaborative purchasing and buying groups

In collaborative purchasing, partners pool individual demands ad hoc or for defined periods, but remain organisationally independent. A buying group or purchasing company, by contrast, acts as a central body handling negotiation and, in part, processing for its members. Typical fields of application are standard materials, auxiliaries, energy and packaging with high price elasticity of volume.

Joint sourcing with strategic partners

In joint sourcing, two to a few companies negotiate a joint package with a supplier, for example via a framework supply agreement with coordinated call-off quantities. This form is particularly suitable for technically specified parts such as motors, drives or cast components, for which the supplier holds capacity for the total volume. Often one starts with a pilot project with suppliers for a narrowly defined commodity group before extending the model.

Purchasing cooperatives and supplier-industry alliances

Cooperatively organised purchasing alliances are widespread above all in the automotive supplier and processing industries. Members share not only purchasing volumes but also, in part, inspection instructions, goods sample agreements and supplier qualification. For regulated product groups such as electrical and electronic components, coordinated management of standards such as RoHS is also possible via the cooperation.

Methods and approach for setting up a purchasing cooperation

The set-up follows a structured process from partner selection via commodity group selection to operational anchoring. Anyone who skips it risks disputes over volume allocation and unclear responsibilities. Teams with practical experience typically plan six to twelve months for establishing the first cooperation commodity group.

Partner and commodity group selection

Suitable partners exhibit similar demand structures, comparable quality requirements and no direct competitive relationship in the commodity groups concerned. Start with easily standardisable categories such as C-parts, tooling or operating supplies, where the manufacturer part number (MPN) guarantees an identical specification. Critical, competitively differentiating parts are left aside for the time being.

Tendering and negotiation

The joint invitation-to-tender strategy defines who speaks with suppliers, which Incoterms apply and how price escalation clauses are handled. Frequently a lead-buyer model is chosen: one partner runs the tender, the others join via an assistance or co-negotiation agreement. Payment terms such as 2/10 net or early-payment discount models must be harmonised at cooperation level in order to appear credible to suppliers.

Operational anchoring

In implementation, joint framework supply agreements are concluded, call-off processes digitalised and compliance rules fixed. A coordinated procurement ETL process ensures that supplier master data, prices and demands are consistent across the members' systems. In addition, periodic joint procurement planning is recommended in order to coordinate demand peaks and to reserve safety capacity at the supplier on a plannable basis.

Key KPIs for steering a purchasing cooperation

Cooperations live on transparency: without joint metrics, savings cannot be evidenced and the partners' contributions cannot be assessed. The selection of KPIs should remain lean and align with the objectives of the respective commodity group. A few consistently managed metrics have proven effective.

Savings and process metrics

Key figures are the realised price deviation at order placement against reference prices as well as the negotiated savings against the baseline. At process level, the PO cycle time and the share of suppliers with electronic integration count. These metrics show early on whether the pooled volumes actually translate into better terms.

Quality and delivery metrics

The complaint rate and parts per million (PPM) document whether volume pooling is not happening at the expense of quality. Availability-related KPIs such as on-time delivery and the effectiveness of safety stock and safety time buffer show whether the cooperation also improves security of supply. Only those who measure both sides can balance price and quality objectives.

Collaboration metrics

Complementing this, softer indicators prove their worth: the share of members who committed volume as agreed, the number of joint projects implemented, such as a JBP (joint business plan) with key suppliers, and the commitment rate to cooperation terms. These reveal whether the cooperation remains alive or quietly drifts apart.

Risks and controls of the purchasing cooperation

Despite clear advantages, purchasing cooperations entail considerable risks, particularly of a legal and organisational nature. Anyone who addresses these from the outset avoids later conflicts and antitrust problems. The most important fields are competition law, volume allocation and data sovereignty.

Antitrust limits

The exchange of individual costs, margins or planned sales prices between competitors can be problematic under competition law and should only take place after review on a case-by-case basis. Agreements on prices not related to the cooperation or on market allocation are also taboo. A written compliance agreement, a protocol for decision-making and, for structurally close cooperations, legal accompaniment of negotiations are recommended.

Internal conflicts and volume allocation

Cooperations frequently fail due to unequal contributions: one partner delivers large volumes, another

benefits along without bringing volume. Written volume agreements, tiered mechanisms and a governance body that meets regularly provide remedy. The obligation of promotion planning, i.e. the joint announcement of demand for campaigns or projects, increases planning certainty for supplier and alliance.

Dependency and exit scenarios

Joint contracts create dependencies: if a key partner withdraws, pooled volumes collapse and the agreed terms collapse with them. Exit clauses, minimum terms, automatic contract renewal with ordinary termination rights and substitute sourcing rules are therefore important. A change of the delivery and transport clause, for example from FAS to Incoterms DDP, must also be reassessed upon exit, as this shifts the allocation of risk and landed costs.

Current developments and digitalisation of the purchasing cooperation

Purchasing cooperations are increasingly digitally steered and extended by sustainability topics. Technical standards and platform models significantly reduce coordination costs. This makes the cooperation economically viable for smaller companies as well.

Digital infrastructure and interfaces

Electronic standards such as cXML for order transmission and a cleanly orchestrated procurement ETL process make data exchange between partner ERP systems efficient. Joint supplier master data, harmonised material classes and clean maintenance of the manufacturer part number (MPN) avoid duplicate purchasing. Joint supplier acquisition via platforms is also gaining in importance.

Sustainability and regulatory topics

Joint supplier audits, uniform inspection instructions and coordinated compliance requirements reduce the effort for all partners. Topics such as the EU Taxonomy and supply chain due diligence obligations can be addressed jointly with cost sharing, for example through joint supplier surveys or shared audit costs. Supplier certificates are thus developed once and used multiple times.

Resilience as a motivation for cooperation

Since the supply chain crises of recent years, security of supply has moved into focus alongside price. Alliances jointly reserve safety capacity with strategic suppliers, hold coordinated safety stocks or develop alternative qualification paths. Cooperation thus turns from a pure price instrument into a resilience instrument.

Typical metrics

Negotiated savings: 3–10 %

Typical benchmark against the baseline of individual purchasing

Contract commitment: > 80 %

Share of volume that runs via cooperation terms as agreed

PO Cycle Time: < 5 working days

Time from requisition to purchase order with standardised processes

Complaint rate: < 1 %

Share of delivered items subject to complaints; quality level must not suffer under the cooperation

Practical example

A mid-market mechanical engineering company with around 200 employees purchased drive components individually and received price break tiers well above those of large corporations. Together with three regional special-purpose machinery manufacturers who had no competitive relationship in this segment, it founded an alliance for four commodity groups. After a pilot project with suppliers for gear motors, the model was extended to frequency inverters and sensor technology.

- Joint invitation-to-tender strategy with a lead-buyer model and uniform Incoterms
- Framework supply agreement with defined annual volumes and a JBP for capacity expansion at the supplier
- Agreement on a safety capacity and coordinated safety stocks to cover project peaks
- Monthly KPI reporting on savings, on-time delivery, complaint rate and PPM

Conclusion

For mid-market manufacturing companies, the purchasing cooperation is a realistic way to build market power without tying up equity. Success depends less on the negotiation itself than on careful partner selection, clear governance and measurable metrics. Legal limits, in particular antitrust law, must be considered from the very beginning. Those who start with small, standardisable commodity groups and expand step by step reduce the risk. Combined with digital standards, the cooperation increasingly also becomes a lever for resilience and compliance.

Frequently asked questions

What is a purchasing cooperation?

A purchasing cooperation is an alliance of legally independent companies formed to pool procurement volumes and jointly achieve better prices, terms or availability. Its forms range from loose collaborative purchasing through buying groups to purchasing cooperatives. The core is voluntary collaboration without any capital links.

What advantages does a purchasing cooperation offer to the mid-market?

SMEs achieve better discount scales and terms through pooled volumes, which would otherwise be reserved for major buyers. In addition, administrative effort decreases thanks to fewer suppliers and standardised processes. Joint audits, inspection instructions and sustainability requirements reduce compliance effort, and shared safety capacity improves security of supply.

Is a purchasing cooperation permissible under antitrust law?

Pooling procurement volumes is generally permissible, but subject to antitrust limits. Problematic are the exchange of sensitive data such as individual costs, margins or sales prices, as well as any agreements outside procurement, e.g. on sales prices or market allocation. The specific design should be legally reviewed on a case-by-case basis.

How large are the savings from purchasing cooperations?

In practice, pooled material inputs frequently yield savings of typically 3 to 10 percent compared with

individual purchasing, and sometimes more for standard items. The actual amount depends on the competitive intensity of the commodity group, the consistency of specifications and the reliability with which partners commit their volumes. Savings should always be evidenced against a baseline and via the price deviation at order placement.

Which commodity groups are suitable for a purchasing cooperation?

Well suited are standardised products with uniform specifications, such as C-parts, operating supplies, packaging, energy or standard components that can be uniquely identified via the manufacturer part number (MPN). Less suitable are competitively differentiating, customer-specific parts and commodity groups in which the partners compete directly with one another. A pilot project with suppliers in a narrowly defined category is the proven entry point.