

# Clarkson University Fraternal Cooperative Association

*Clarkson University has the potential with ten independent fraternal organizations housing units to begin a new endeavor in order to bring about cost savings as well as expand the bonds that unify each social fraternity and sorority to the others. Using the Lehigh University, Penn State, UNC Chapel Hill and University of Minnesota models and other organizations, this handout identifies some of the benefits of a cooperative as well as the key elements in order to establish one. The establishment of this purchasing group could help to establish this fraternity and sorority system as a model for other small college campuses.*

## Benefits of a Fraternal Cooperative Association

- **Competitive Pricing:** Through tax-exempt status, discounts, rebates, and wholesale prices, a co-op association could save members hundreds of dollars.
- **Convenience:** Less time and effort spent paying bill as and purchasing.
- **Credit:** Each member organization has instant credit with every approved vendor.
- **Continuity:** Business channels remain open and stable despite turnover of officers and employees within each member group.
- **Mediation:** Solving problems between vendors and member organizations.
- **Political Action:** A cooperative gives people a medium to organize for political action, to meet and develop strategies and to help influence political entities and regulatory agencies.
- **Community Ties and Identity:** Cooperatives help to generate jobs and put money into the local economy that helps to finance community services through taxes.

## Dividends and Receivables

- The Fraternal Cooperative Association earns profits through the discounts negotiated with its vendors. These discounts are based on our members' combined volume of purchasing (buying power) and the co-op's ability to pay quickly (due to members' working capital deposits).
- Members can increase the amount of their dividend by intensifying their participation in the co-op.
- A member's share of the gross profit is determined by the member's margin, which is calculated by comparing the vendor discounts the member has earned to those earned by other members.

# Clarkson University Fraternal Cooperative Association

## Opportunities for Buying Goods and Services

- **Chapter Houses:** Plumbing and heating, carpentry, electrical work, building supplies, fire and security systems, kitchen equipment, etc...
- **Food distributors:** Meat, produce, milk, cooking supplies, etc...
- **Miscellaneous:** Printing service, bus services, hall rentals, tax preparations, etc...

## Short Term Options Currently Being Considered

- Apparel, specialty cups and mugs and other novelty products
- Meat and similar food products
- Composite services with Vantine Imaging (At this time not a reasonable idea)

## Responsibilities of Member Organizations

- **Patronize the cooperative:** Members must make a conscious decision to be committed to the cooperative even if short-term prices or services may be elsewhere.
- **Be informed about the cooperative:** To appropriately carry out their duties, members must know what the cooperative is about; what it can do for them; its purpose, objectives, and policies; and the issues it faces.
- **Be conscientious when selecting directors:** Loyalty, integrity, the ability to make wise business decisions and willingness to serve are necessary characteristics for board members.
- **Provide necessary capital:** Members must provide the equity financing cooperative needs for acquiring inventory, facilities, services and working capital.
- **Evaluate performance of the cooperative:** Members should examine the annual report and observe whether the cooperative is meeting their needs. If they are disappointed or satisfied with the cooperative performance they should share this with the other directors.

## Potential Stages for a Fraternal Cooperative Association

### 1. Preferred Vendor List

Development of a "preferred vendor" list where housing organizations share knowledge and resources of reputable business and services. Vendors would offer discounts to cooperative buying members. Customer service and quality feedback would be provided from buyers to the vendors, and from vendors to the buyers.

# Clarkson University Fraternal Cooperative Association

## 2. Group Contracts

While still maintaining individual ordering and accounting, group-purchasing contracts can be set up between buyers and vendors. This would formalize any discounts/savings granted in stage one. Buyers would agree to exclusive group contracts for certain goods/services.

## 3. Group Purchasing

Ordering and payment would move under a centralized authority. Buyers would maintain accounts with the central office, and vendors would be paid from this central office. Multiple billing accounts would be consolidated into one large account. Vendors would be guaranteed payment within a few days of billing. Potentially, we could consider a program similar to the Venture program in Moore House to take over administration of the FCA. This would give experience to business students while expanding the central office of the cooperative much faster than if it were to be administered by the Director of Fraternity and Sorority Affairs or a volunteer.

## Other Fraternal Cooperative Associations

- **Lehigh University** (1967): <http://www.lehigh.edu/~infma/index.html>
- **Penn State** (1967): <http://fraternitypurchasing.org/>
- **University of Minnesota** (1947): <http://www.tc.umn.edu/~fpa/main.html>
- **UNC-Chapel Hill** (1970): <http://greeks.unc.edu/orgs/housing/fta.html>