



Case Study – Collaborative Procurement: Milk Buying Group

The following case study looks at the benefits of collaborative working for the organic milk suppliers' co-operative.



This knowledge paper is supportive of Procurement professionals operating at operational level of the CIPS Global Standard



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In 1994 an organic milk suppliers' co-operative was formed by five innovative dairy farmers. Almost 25 years on this co-operative remains the only national, organic, farmer-run and farmer-owned co-operative the United Kingdom. The buying group has approximately 300 members spanning the length and breadth of the UK.

The co-operative manages approximately two-thirds of the organic milk supply in the United Kingdom and reports as being one of the largest global dedicated organic milk pools.

As a co-operative the organisation is able to ensure that when more money is made, the members receive a higher return and this provides them with a sustainable option for the future.

As an organic dairy farmer, working independently outside a co-operative is difficult. Obtaining products that are needed at fair prices to allow a profit to be made on a commodity that is produced in such high levels is almost impossible. Being a member of such a co-operative allows members to save money on core essentials. This is done by taking advantage of the pooled volume of requirements and being able to approach suppliers with larger amounts to gain economies of scale.

One of the drivers for the formation of the co-operative aside from the obvious one to reduce costs, was to spread and reduce the risk associated with dairy farming and milk production. By managing the risk in an effective way, the organisation has been able to continually expand.

The co-operative has their organic milk in products such as premium quality cheese and products suitable for the younger generation which are available across the world. Dairy farmers working alone with their sole volume of milk would be unlikely to obtain contracts for such products.

The members within the co-operative work together collaboratively to make decisions, explore opportunities and embrace innovation. Through strong communication and shared ideas the group continues to be able to add value to its members and provide the volumes and quality standards needed to secure contracts.

There are long term strategic relationships in existence that have been created and maintained with international businesses that buy and use the milk across the world. Some of these buying organisations would not have entertained working with the dairy farmers as independents but as a joined force showing a collaborative approach they become an attractive option for organisations to work with. **(Source: Jarvis-Grove, 2020).**

Further Resources

You can also access further Collaborative Working resources [here](#).

CIPS members can download the CIPS Collaborative Working Tools [here](#).

