Strategies for Improving Contractor Safety Management
August 14, 2019

Welcome to NAEM

Conferences	Research	Networking	Publications

NAEM delivers actionable strategies that empower corporate EHS&S leaders to make an impact

NAEM is a community for EHS&S leaders

Today's Speakers

Elizabeth Ryan
Director of Communications
NAEM

Marcus Pettus
Safety and Supply Chain Product Manager
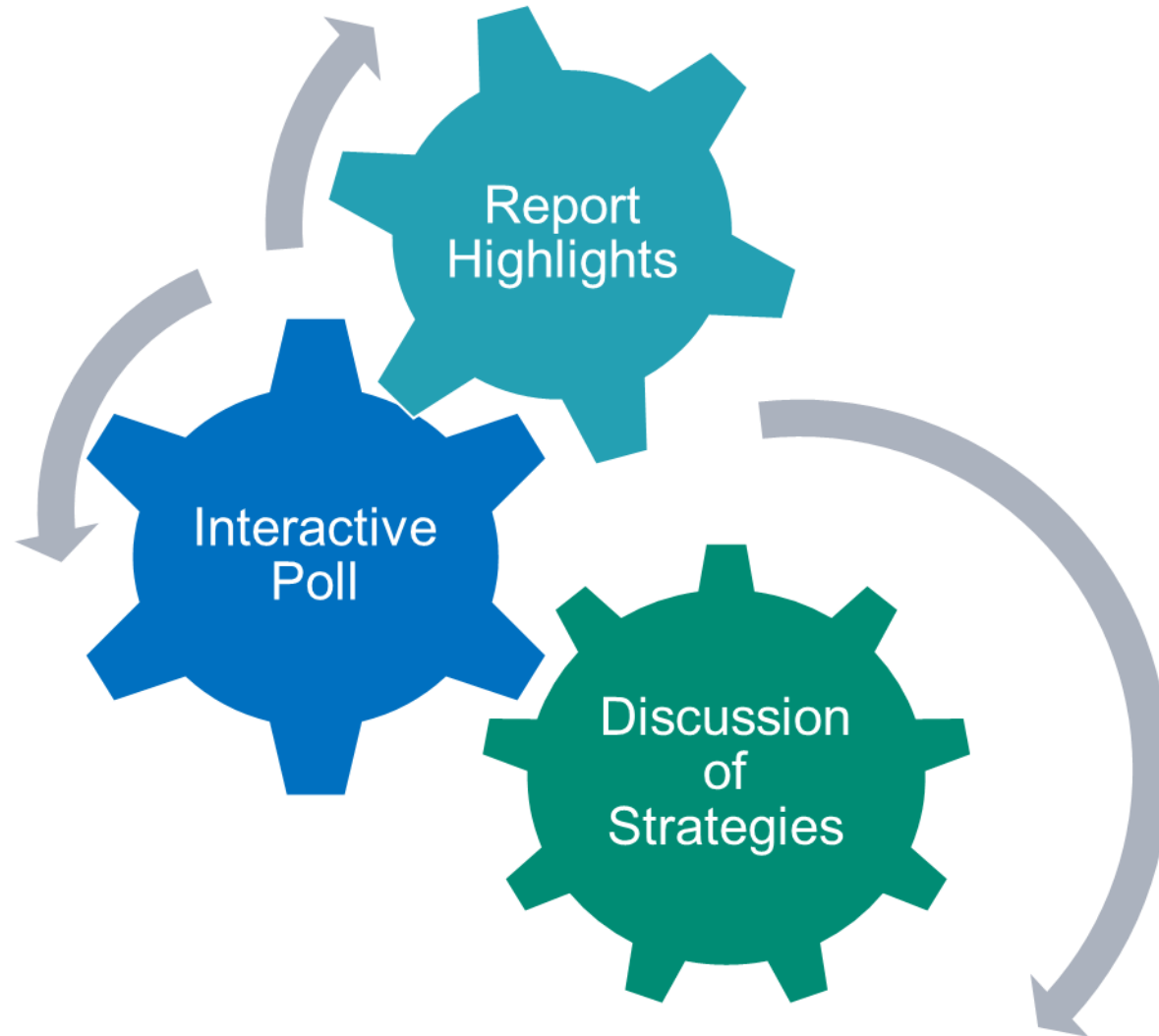Veriforce

Today's Purpose

To share highlights from NAEM's latest report

To help you identify where you are on the program maturity curve

To identify actionable strategies to take your program to the next level

Format of Today's Webinar

About our Research

Strategies for Improving Contractor Safety Management

JULY 2019

Sponsored by:
VERIFORCE
INTEGRATED COMPLIANCE SOLUTIONS

Download the full report at naem.org

- Approach:
  - Interactive poll conducted in May 2019 at NAEM's EHS OpEx Conference

- Respondents:
  - 43 in-house EHS&S leaders from across industry sectors

- Results:
  - Results from a survey of EHS&S peers
  - Case study examples from companies with leading programs
  - Ideas to help you advance your program performance

Why do contractor safety programs matter?

Diminished Quality

Output not at the level of quality the contractor was hired to produce

Operational Disruption

Work is delayed, and projects or operations are halted

Reputational Damage

Market avoids your brand

Hallmarks of a Mature Program
Mature Programs are Strategic, Integrated

Culture	Technology	Data
• Partnership across the business • Resource commitment • Focus on continuous improvement	• Consistent data capture/workflows • Simplified, streamlined processes • Mobile accessibility	• Defined KPIs • Historical context • Use of self-reported, internal, & 3rd-party data

How would you best describe the maturity of your company's contractor safety program?

Common Stages of Program Development

| Ad Hoc | Developing Program | Basic Program | Advanced Program | Strategic Program |

Where do you want your program to be in the next 2-3 years?

- A: Ad hoc

- B: Developing program

- C: Basic program

- D: Advanced program

- E: Strategic program

Stage 1: Making sure your contractors are qualified to do the work, safely

How do you vet contractors to ensure they can meet your company's safety requirements? (Check all that apply)

- A: Review their TIR
- B: Review EHS policies and procedures
- C: Require a job hazard assessment for all contracted work
- D: Use a risk assessment tool
- E: Use of a third-party vendor
- F: N/A

Characteristics of Early Maturity Programs

Activities	Ad Hoc	Developing Program
Resources		Small part of someone's job
Prequalification	Inconsistent	Starting to define criteria
Use of a 3rd party		
Data Management	Emails/local files	Limited data capture
Historical Data		Limited
KPIs		
Risk Assessment		
Program Audits		

Safety Performance Metrics are the Backbone of the Pre-qualification Process

Contractor Vetting Process

45% Use of a third-party vendor

45% Review EHS policies and procedures

35% Review their TIR

23% Require a job hazard assessment for all contracted work

10% Use a risk assessment tool

Source: NAEM's Contractor Safety Survey

N=40

Suggested Basic KPIs for Building a New Program

Safety Stats

By contractor (min 3-year rolling) and YoY average for total contractor pool:

- ○ TRCR/TRIR
- ○ # of fatalities
- ○ # of motor vehicle incidents
- ○ EMR

- ○ DART Rate
- ○ Other Recordable Incident Rate
- ○ Days Away/Lost Time Incident Rate

How do you assess whether the contracted employees are prepared to do the work safely?

- A: We require contractors to evaluate employees for the skills needed for the jobs they will be performing

- B: Safe work plan requirement

- C: Work permit process

- D: Pre-task plan

Next Steps for Early Stage Program Development

1. Assign appropriate resources: Identify a program owner and invest in manpower

2. Create a centralized system and processes to manage contractor safety data

3. Establish basic KPIs to support contractor prequalification

4. Partner with internal and external stakeholders to champion program value

Stage 2: Creating consistency for your contractor safety policies, program management

How are you currently sharing your company's safety requirements? (Check all that apply)

- A: Train our contractors in our processes

- B: Give contractors our employee handbook with our safety policies

- C: Require contractors to train to our requirements

- D: Depends on the type of contractor

Program Characteristics: Basic Program

Activities	Ad Hoc	Developing Program	Basic Program
Resources		Small part of someone's job	Significant part of someone's job
Prequalification	Inconsistent	Starting to define criteria	Focus on consistency
Use of a 3rd party			For data review
Data Management	Emails/local files	Limited data capture	Standardized data capture & review
Historical Data		Limited	1 year +
KPIs			Basic
Risk Assessment			
Program Audits			

Partner with Contractors to Achieve Mutual Success

- Set the stage: What do you communicate to your contractors about your program?

    - Goal: Create a safer workplace

    - Approach: Enable everyone to achieve

        - Helpful, not punitive

- Provide tools and feedback to help contractors improve their safety programs

Next Steps for Program Development

1. Enhance prequalification to account for risk

2. Shift your program's focus to driving safety improvement among contractors by incorporating audit & observation programs

3. Implement technology to support the increasing maturity of your program and the data

   - Improve efficiency when analyzing data set

   - Track contractor compliance with other requirements

   - Streamline communication with the field

   - Leverage third-party support for data review

Stage 3: Leveraging data to improve program performance

Which of the following are you using to provide ongoing monitoring of contractor safety? (Check all that apply)

- A: We require the contractor to conduct regular audits

- B: We conduct annual audits

- C: Periodic inspections during the contract term (quarterly, annual)

- D: Weekly walkthroughs

- E: Other

49%

of responding companies conduct periodic inspections during the contract term.

28%

of responding companies do weekly walkthroughs to monitor contractor safety.

26%

of responding companies conduct annual audits to monitor contractor safety.

23%

of responding companies require the contractor to conduct regular safety audits.

Source: NAEM's Contractor Safety Survey   N=39

Program Characteristics: Advanced Program

Activities	Ad Hoc	Developing Program	Basic Program	Advanced Program
Resources		Small part of someone's job	Significant part of someone's job	Dedicated resource plus field support
Prequalification	Inconsistent	Starting to define criteria	Focus on consistency	Risk-based process in place
Use of a 3rd party			For data review	For data review & audits
Data Management	Emails/local files	Limited data capture	Standardized data capture & review	Safety compliance mgmt. system in place
Historical Data		Limited	1 year +	3 years
KPIs			Basic	Advanced
Risk Assessment				Comprehensive view of safety/risk
Program Audits				Reviewed annually

Shine a Light on Daily Practice: Observation Program

- Leverage field staff to conduct observations of contractor safety practices on the jobsite

- Define criteria – what to look for

- Gain insights to pinpoint and correct areas where contractors have program weaknesses

- Incorporate coaching

Strengthen your Audit Program

- Establish formal audit program

- Expand prequalification requirements for higher-risk contractors
  - Based on type of work and/or volume of work
  - Desktop audit: review contractor HSE policies and documentation of implementation
  - Field audit: onsite evaluation of contactor safety program

- Add value with 3rd party auditors
  - Impartial perspective
  - Cross-industry experience and best practices

- Close loop with contractors to drive improvements
  - Review audit results
  - Corrective actions
  - Follow-up audit

Next Steps for Program Development

1. Leverage mobile tools to share and gather data

2. Plan for the unexpected: establish back-up contractors and an exception process

3. Get broader and more granular with your data

   - Include leading and lagging indicators

   - Leverage all your data sources: self-reported by contractors, internal, and 3rd-party

   - Consider capturing data at client or project-specific levels

Stage 4: Integrating risk management and program evaluation

Post-work, does your company include EHS in its performance review?

- A: Yes

- B: No

- C: It Depends

Program Characteristics

Activities	Ad Hoc	Developing Program	Basic Program	Advanced Program	Strategic Program
Resources		Small part of someone's job	Significant part of someone's job	Dedicated resource plus field support	Program buy-in at all levels
Prequalification	Inconsistent	Starting to define criteria	Focus on consistency	Risk-based process in place	Risk-based w/ defined exception processes
Use of a 3rd party			For data review	For data review & audits	For data review & audits
Data Management	Emails/local files	Limited data capture	Standardized data capture & review	Safety compliance mgmt. system in place	Safety compliance mgmt. system w/ mobile tools
Historical Data		Limited	1 year +	3 years	3+ years
KPIs			Basic	Advanced	Integrated
Risk Assessment				Comprehensive view of safety/risk	Comprehensive view of safety/risk
Program Audits				Reviewed annually	Continually enhanced

Plan Ahead

What do you do when your regular contractor is unavailable? In emergency situation? For critical activities or locations?

- Establish formal process for managing exceptions
  - Approve and document exceptions to normal safety prequalification
  - *E.g.,* use of contractor that's not prequalified or has poor score
  - Require specific mitigation plan in place (e.g., third-party audits)
- Identify and prequalify back-up contractors

Leverage Technology

- Streamline and simplify processes
- Minimize downtime at the worksite
- Support risk-based prequalification
  - Group contractors by risk factors
  - Auto-enforce requirements
- Make it easy for contractors
  - Easy-to-use interface to submit required documents
  - Heads-up on needed actions
- Go mobile
  - Easily verify contractor's readiness to work at the worksite
  - Capture paperless observation and audit reports in the field

Questions?

37

Lessons Learned

Key Benefits of Effective Contractor Safety Management

Contractors understand that you're serious about safety

Higher quality, more efficient work

Lower risks, Cost savings

Thank you to our Report Sponsor

Connect with NAEM!

- Online: www.naem.org

- Via email: elizabeth@naem.org

- Social media:
  - Twitter: [@NAEMorg](https://twitter.com/NAEMorg)
  - Facebook: www.facebook.com/NAEM.org
  - LinkedIn: https://www.linkedin.com/company/naem