



webinar

Contractor Management

Best-in-Class

Presented by: **Darren Hamman**



- ① **Why We Need an Effective Contractor Management Strategy**
- ② **10 Strategic Elements for Best-in-Class Contractor Management**
- ③ **Benchmarking and Case Studies**

An effective contractor management system goes beyond a one-time pre-qualification step. It levels the playing field by holding all contractors to established safety and compliance standards and promotes a culture of transparency, accountability and continuous improvement. In other words, it adds value to the Hiring Client's overall operations by going beyond simply meeting internal or external compliance requirements to establishing and sustaining a mutually beneficial partnership between a Hiring Client and its contractors.

About the presenter

Darren Hamman

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Darren Hamman is a Senior Manager on ISN's HSE-RAVS Team. He has 15 years of Health and Safety Management experience in the United States and Canada. Darren has a BA in Sociology, and a Certificate in Health, Safety, and Environmental Processes. He obtained his CRSP in 2007.

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Best-in-Class Contractor Management

1 Establish a Clear Communication Strategy

Contractor management processes are often bureaucratic, inefficient and a source of confusion to contractors due to poorly designed or executed communication strategies. At their core, effective contractor management systems must have a well-thought-out plan for communicating with internal stakeholders as well as external contractors. The plan should establish what needs to be communicated to contractors, how to accomplish it and how to proceed to the next step of engaging contractors on a personal level.

2 Measure Performance

Processes designed with a mind-set of simply completing the administrative task of pre-qualifying contractors, with documents and data on completing the contractor onboarding process then locked away in filing cabinets, will not drive continual improvement. Without capturing and analyzing contractor work hours, quarterly and annual incident rates, the number of open and closed action items, post-job evaluation feedback, Certificate of Recognition (COR) status or the status of certificates of insurance, the system will struggle to proactively identify unfavorable trends and implement timely and objective corrective actions.

What information does your company collect from contractors?

Best-in-Class Contractor Management - *continued*

3 Incorporate a Risk-Ranking Process

Contracting companies come in different sizes, structures, capabilities and risk profiles. Some might be present at the Hiring Client's job site only a few days a year but may be involved with high-risk activities that could have consequences for the safety, integrity or continuity of operations. Others might be 'nested' at the Hiring Client's job site year-round. The question is, how should contractor requirements and expectations (including health, safety, insurance, training, competency and the like) be tailored to best fit the appropriate risk exposure?

4 Use a Four-Step Due Diligence Process

For best-in-class systems, due diligence involves collecting self-reported information from contractors, reviewing and verifying contractor information, assessing the level of written program implementation in the field and undertaking on-the-ground inspections and audits of contractors' worksites, manufacturing facilities or home offices. These four levels are synergistic and enable a holistic and sustainable due diligence process.

5 Maintain an Approved Contractor List

Do you ever find yourself under pressure to approve a contractor in an "urgent" manner even when the situation itself doesn't meet the definition of a true emergency? How many times have you had to play catch up to approve a contractor who has already been procured, or even worse, is already on your job site providing services? A process that allows for recurring last-minute procurement of services, usually due to a poorly maintained list of approved contractors to tap into or an inconsistently enforced contractor procurement policy, is risky.

What is your company's process for maintaining a current list of approved contractors?

Best-in-Class Contractor Management - *continued*

6 Establish Consequences and Exit Strategy

If you have an approved contractor list, do you remember the last time you, your procurement group or your HSE department decided to “clean it up”? If your list has grown significantly without good commercial and operational reasons, and the list includes numerous dormant, redundant or consistently non-conforming service providers, it is a good time to re-evaluate your contractor exit strategy.

7 Address Subcontractor Management

Have you ever run into a situation where a non-vetted subcontractor working for one of your General Contractors is on your job site driving a vehicle with logos you don’t recognize? Such instances are not new to veterans in contractor management. No matter how robust your contractor management system is, your subcontractor management process may be a weak link.

8 Follow Standardized Guidelines

Contractors are often frustrated by multiple requests for information from various departments within a Hiring Client’s organization. These usually stem from a lack of consistency among a Hiring Client’s sites, plants or operational departments.

Do all of your company’s sites follow a standard process for prequalifying and managing contractors?

If not, how do they differ?

If they do, are any of the processes in need of updating or improvement?

Best-in-Class Contractor Management - *continued*

9 **Integrate with Internal Business Processes**

Best-in-class systems consider their contractor management process to be an integral part of their extended internal business processes. For instance, key contractor scorecards and compliance data may be electronically integrated with the Hiring Client's purchasing system to ensure only contractors meeting its standards receive purchase orders.

10 **Take Safety Culture to the Next Level**

It is often said that strategy is the brain of an organization, and culture is the heart and soul. The most effective strategies and business processes could be rendered ineffective without the right environment to thrive in. Best-in-class systems work toward developing and implementing a conducive and sustainable safety culture which takes time, focus, commitment and engagement by both Hiring Clients and their contractors. A best-in-class safety culture provides an environment of clear communication, a sense of partnership beyond contractor - employee designations as well as the flow of best practices and lessons learned towards the common goal of zero workplace injuries.

What are the most important things you will take from this webinar back to your company or organization?

What are your next steps to improve your contractor management system?

Established in 2001, ISN is the global leader in contractor and supplier information management. We support over 600 Hiring Clients in capital-intensive industries to help manage more than 70,000 contractors and suppliers in over 80 countries. Headquartered in Dallas, Texas, ISN has additional offices in Los Angeles, New York City, Calgary, Toronto, Mexico City, London, Sydney, Perth and Auckland. ISN's award-winning Customer Service Team is available to provide unlimited support by email, chat and phone to contractor customers in over 35 languages. ISN takes pride in leading efforts to improve the efficiency and effectiveness of contractor management systems and in serving as a forum for sharing industry best practices among our members.

Our innovative online contractor management platform, ISNetworld®, is continuously evolving to meet ever-changing corporate and regulatory requirements while reducing unnecessary duplication associated with traditional contractor procurement processes. Our Review and Verification Services (RAVS®) group comprises specialized professionals with experience in health, safety, environmental, quality, procurement and other compliance requirements. RAVS provides an added level of due diligence to the process of reviewing contractors' self-reported information.

ISNetworld's dynamic and configurable scoring criteria assist Hiring Clients with measuring the key performance metrics relevant to them, thus promoting transparency, clear communication and opportunities for Hiring Clients to connect with safe and reliable contractors. By identifying contractors and suppliers who meet their standards, Hiring Clients are able to drive tangible and sustainable performance improvements while strengthening their relationships with their contractors and suppliers.



For more information, visit www.isn.com

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