Contractor Prequalification

by Robert Thompson

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Every day 10.3 million independent contractors go to work in the United States [1]. Fortune 1,000 Companies like Lâ€™Oreal, BASF, Shell, and Edison International, to name a few, rely on contractors to perform thousands of essential business functions. A mistake or miscommunication between the owner/operator and contractor can result in people, environment, and profit losses.

Establishing proper protocols is often the difference between a safely completed job and an unfortunate loss. Itâ€™s essential to ensure contractors are properly screened and safe to work at your facility.

To avoid accidents and select safe contractors, itâ€™s important to focus on:

1. Setting and enforcing your safety expectations before awarding a contract.

2. Actively communicating all safety expectations stated in the contract to staff.

3. Frequently holding contractor safety meetings, with clearly communicated dates.

4. Establishing a Contractor Safety Council for facilities where contractors are present.

5. Taking contractors through any site-specific expectations, to ensure theyâ€™re up-to-date.

6. Yearly evaluating your process and progress, and benchmarking your efforts against other companies.

Use objective criteria when evaluating contractors. Determine loss history by collecting the last three years of safety statistics, e.g. Experience Modification Rates (EMR), Total Recordable Incidence Rates (TRIR), Lost Work Case Incidence Rates (LWCR) and fatalities. These benchmarks can assist the owner/operator in establishing expectations, measuring current performance and driving continuous improvement. Conduct audits to verify that the written policies your contractors have in place are compliant, based on the trade, craft and services they perform. High-risk trades should be monitored much more closely.

Donâ€™t stop with quantifiable data. Be aware of subjective criteria like work history, written policies and past performance. On the consultation side of safety, OSHAâ€™s Voluntary Protection Programs (VPP) requires that you have a comprehensive safety and health management system that is tailored to your worksiteâ€™s specific needs [2]. Other programs such as OSHAâ€™s Process Safety Management (PSM) on the enforcement side also have specific contractor management elements to ensure compliance. Use OSHAâ€™s guidelines to ensure that you are up-to-date with regulatory policies and consider a third-party contractor management company if you need more help, or require additional assistance to prescreen suppliers and contractors.

Create a standard prequalification form. Using a standardized form, that can be customized as needed; can help you to evaluate each contractor on the same level. Your form should deliver to the owner/operator specific contractor prequalification data that is important for determining safety history, sound hazard identification/mitigation techniques, company culture, and commercial details such as financial stability and insurance requirements. Conduct a detailed review. Check the prequalification form for inconsistencies among the contractorâ€™s data, checking their references and verifying that their license, insurance requirements and incidence rates are correct and valid.

Perform an audit on your contractors whose services, craft or trade have the potential to expose you firm and put you at risk. Frequently requested audits are Safety Manual, Implementation and Field Audits. These audits simply allow you to identify the gap between your contractorâ€™s safety program and your required protocols. You can do this by ensuring that the essential programs for the services the contractor will perform at your facility are addressed in their manual. If more detail is required to determine if the contractorâ€™s written compliance programs are being implemented, an implementation audit can be used. Finally, a field audit helps to close the loop on compliance with adherence to all required programs.

Ensure proper inspection. Part of doing a proper audit is verifying that the inspection of mission critical pieces of equipment and tools is being performed. Take a look at the method being used to ensure that the conducted training is based on written programs, as it relates to equipment and the contractor themselves. Carefully note that job-site inspections and other hazard identification/mitigation techniques are being used and documented.

Select your contractors carefully. Choosing a contractor should only occur once you have done the research to make sure that once the contractor is on your property, everything that can be done to prevent an incident or injury has been implemented. Be clear with your final bidders that safety is just as important as other considerations when awarding the bid.

Look at all the facets involved. If you are only willing to consider cost you may run the risk of choosing the wrong contractor for the job, and this decision could end up costing more in the long run. Help your contractors to become preferred vendors or strengthen the relationship you already have with them. By showing that youâ€™re vested in their safety procedures and future work opportunities at your facility, you are more likely to have a better outcome.

Be consistent in reviews. Audit and monitor the work that your contractors are doing as its being completed. Compare their actual performance to what was covered in the contract and be sure they are following the guidelines you have put in place. Record safety evaluations and keep them on file, this is an important measuring practice as well as a preventative effort. Finally, establish re-evaluation criteria with clear expectations of what needs to be improved and what is working.

Consider a consortium. The best way to manage the vendor data you have on file is to implement a database. When a database is created with a consortium model, user functionality is shared and kept fresh so that all permitted and licensed users have continual access to vendor data. The database ensures vendor data is reviewed and current, with compliance history tracked and kept up to regulatory standards. The data should be shared with all necessary users on a consistent basis, 24 hours a day and 7 days a week to eliminate redundancy between users. An internet interface is an easy way to access data that does not require complicated software to operate. It is paperless and allows easy user access by individual facilities and corporate offices alike.

References:

[1] Source: U.S. Bureau of Labor Statistics, as cited in the Statistical Abstract of the United States: 2010, Table 595

[2] Source: United States Department of Labor, Occupational Safety & Health Administration

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Robert B Thompson is a Senior Manager with over 17 years of experience in multiple aspects of the risk management field. His working experiences range from technical health and safety auditing,

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