

March 2018

# Ensuring contractors are successful – so you can be too

## Alison Andrew, Transpower

A resource CEOs can use to support discussions with their teams, directors and contractors.



*Photo: Northpower*

When Transpower looked into the poor safety performance of our tower painting operation we realised what we actually had was a commercial problem. The way we operated made it hard for our tower painting contractors to be successful. And if they couldn't succeed then neither could we. We recognised that a new approach was needed based on respect, collaboration, and building long-term relationships.

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**“A year after these changes were introduced the tower painting operation delivered against its work plan for the first time. In three years, TRIFR fell from 60 to 0.”**

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# Alison Andrew

CEO Transpower



## ■ The problem

Transpower's \$35 million a year tower painting programme began in the 1990s and protects the 25,000 steel towers that support the national grid. In 2014, Transpower identified several issues with the way this work was being delivered.

The tower painting was completed by contractors, some of whom were very focused on health and safety and others who struggled to achieve good performance.

Previous attempts to improve performance across the board had focused on us devising and imposing solutions, like specifying what equipment or PPE contractors should use. But none of this made much difference.

So a decision was made to apply some fresh eyes to the problem, which was handed to our projects and procurement team – led by Kevin Small, Transpower's General Manager Customers and Projects.



Photo: Northpower

## ■ What we did about it

The first thing Kevin's team did was stop trying to solve the problem by ourselves. Instead, they worked to understand what was really going on in the tower painting operation – spending time talking to the contractors and those who worked with them at Transpower. This approach revealed that we were dealing with a wider commercial problem, not just a health and safety one.

In particular, we realised it was hard for some of our contractors to invest in their equipment and people because they weren't profitable. A lack of work continuity made it hard for them to secure bank funding to invest in their businesses. Despite our need for tower maintenance being virtually endless, we only let the painting contracts on a short-term (around 12 weeks) basis.

Our regional approach to procurement also made their lives difficult. Each regional office let its own contracts, meaning our tower painters were dealing with different standards, practices and budgets. This regional approach also worked to mask issues from the executive team – meaning we saw a bunch of little, apparently unrelated problems, rather than one big one.

Our tendency to impose engineering solutions to fix problems was over-burdening our contractors and stifling any opportunity for them to innovate. For example, in response to various incidents we had added additional protective layers to the suits tower painters worked in. Eventually they were wearing five layers that were heavy, uncomfortable and slowed down the work.



### ■ How to use this case study

This case study is based on presentations Transpower gave at events run by the Forum and the Forest Industry Safety Council/Safetree. It highlights ‘success factors’ identified in research as essential to creating safe contracting chains.

With your teams, directors and contractors, read the case study and watch the video version at [www.zeroharm.org.nz/case-studies](http://www.zeroharm.org.nz/case-studies). Then discuss the following:

Success factor	Discussion questions
Respect	Do we respect our contractors? Have we asked them what it’s like to work for us?
Working collaboratively	How do we collaborate with contractors to foster innovation?
Thinking long-term	Do the <i>commercial terms</i> in our contracts encourage investment in health and safety?

For more on the success factors see: [www.zeroharm.org.nz/resources/supply-chain](http://www.zeroharm.org.nz/resources/supply-chain)

### ■ The solutions

A comprehensive strategy was developed to deal with the commercial issues undermining productivity, and health and safety in our tower painting operation.

This included extending the length of our contracts to an average of 18 months and setting up a contractor ‘panel’. Being on this panel confirmed tower painters were eligible to work for us over the next five years. That meant, for the first time, we were providing the long-term security that supports contractors to invest in their businesses.

Internally, we also began a cultural shift away from telling our contractors how to work, and towards getting the right people for the job and giving them authority to be innovative and successful. Not all contractors were comfortable working in this new environment. So some hard decisions were made about who had the ability to adapt. Those who couldn’t were supported to exit the business.

### ■ The outcomes

The rewards of this longer-term, more collaborative approach to working with our tower painters have come in the form of improved productivity, profitability, and health and safety.

One year on, the tower painting operation delivered against its work plan for the first time.

Three years on, TRIFR in this part of the business had fallen from 60 to 0, and remains below Transpower’s average.

These changes put our contractors on a stronger commercial footing. We have not changed our contracting rates since 2013. But the innovations put in place mean they are delivering more square metres of maintenance for less cost.

For example, one contractor – Northpower – led the development of a new single-layer protective suit for tower painters that is more comfortable and faster to work in. This world-leading innovation has replaced the five-layer suit we came up with.

“We learned that the commercial success of our partners impacts directly on their safety performance.”

Another contractor, Cake Commercial, is using its strengthened financial position to develop an international business – and is bidding to paint towers in Canada during the New Zealand winter when Transpower’s operations are scaled back.

Contractors tell me that the pride is now back in their industry. There is a career pathway for workers and an increasing level of professionalism. Business owners now share ideas for safety innovations.

### ■ CEO’s role

An important part of my role in this change was to help create a culture and operating model within Transpower that acknowledges that our contractors’ success is integral to our success.

We have 700 staff, and several thousand service providers operating on our behalf in the field including 200 tower painters. That commercial model only works if we operate in partnership. We need to respect each other’s expertise, and each other’s need to be financially viable.

My role was also about creating a culture and environment where innovation is valued as much as systems, tools and processes. It was creativity that solved the health and safety issues in tower painting – not more compliance.

I also made sure the board and business knew this issue was important to me. I kept it on the agenda and gave Kevin’s team a mandate to take a different approach to solving the issue.

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### ■ Lessons

We’ve learned a lot through this process. We learned that the commercial success of our partners impacts directly on their health and safety performance. In particular, building long-term commercial relationships is essential to support investment in health and safety.

We learned the importance of being clear about the boundary between our role and the work of our contractors.

We also learned that health and safety must be bottom up as well as top down. We needed to respect our contractors and allow them to come up with health and safety solutions. This experience has led to a change in the way we do procurement. We have a fresh procurement team that’s using our tower painting experience to come up with new approaches to working with contractors at a commercial and contract level.

The goal is to ensure they can be successful – so we can be too.



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