



June 2014

# Collaborating with contractors to lift safety performance

Peter Clark — PF Olsen



Good contractor safety is fundamental to the success of PF Olsen's business model. We take a partnership approach to working with contractors on health and safety.

We set clear expectations and monitor performance. But we also get actively involved in helping our contractors to build capability, and to engage and educate their employees. I believe this focus on working collaboratively enabled us to successfully introduce drug and alcohol testing for contractors.

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# Peter Clark

Chief Executive  
PF Olsen



At PF Olsen, working with our contractors to help them lift their health and safety performance is absolutely fundamental to the success of our business model. For us, it's not just about being a "good business"; it's about "being in business".

We are a forestry services company and good performance on social factors like health and safety is something our forest-owning customers demand of us. Many of these customers are large overseas investment funds that expect us to meet certain ethical standards, including on health and safety. They audit us intensely to ensure we comply. If we (or our contractors) don't perform on safety, these customers have the right to terminate our contracts or not renew them.

The safety performance of our contractors also directly affects our ability to deliver on business commitments to customers. PF Olsen only has about 130 employees but we have up to 1500 contractors, and employees of contractors, working on our sites. Our reliance on contractors to deliver business outcomes means our success is inextricably linked to how our contractors perform. We need them to be on the job working safely every day, and not having crew productivity disrupted by the fallout from a serious accident.

The extensive work PF Olsen has done on contractor safety in recent years means, compared with others in our industry, our injury rates have been relatively low. But in 2013 two of the 10 fatal forestry incidents involved contractors working for us. That's a totally unacceptable outcome. We've now begun a major project to improve contractor safety, building on the lessons learned to date. We also support industry initiatives, like the independent inquiry into health and safety in forestry.

## ■ How PF Olsen engages with contractors

The way we work with our contractors is to set very clear expectations and rules; to supervise and audit their performance; and then to actively support our contractors to build capability and engage, train and educate their employees.

Our contracts include strong and extensive terms for health and safety, including key performance indicators (KPIs) on safety performance. If a contractor has repeated poor safety performance these terms give us the ability to terminate their services.

The contracts are supported by monthly audits against the KPIs so contractors can see how well they are doing. This is a great motivator. The best performers are rewarded at safety events we hold during the year. The poorest performers know they will be the first to be let go if we get a downturn in demand or log production.

The health and safety KPIs are all lead indicators, like reporting near misses and attending safety meetings. We use leading indicators because we don't want people fudging their data or hiding incidents, which would happen if we only looked at lag indicators like lost-time-injury statistics.





We have an active safety education programme involving contractors led by my Health and Safety Manager Nic Steens. For example, every crew has a safety champion who attends a meeting every two months to analyse our latest safety data, identify issues and decide what to do about them. We then publish visual, easy-to-read safety bulletins that managers can use to talk to crews about safety. Our safety and project managers also work directly with groups of contractors to help them manage specific issues.

To counter a spike in incidents commonly seen in early January, we run six or seven *Safe Start Up* gatherings for contractors around the country. These events include an awards ceremony where, in front of their peers, we recognise and reward the crews that performed best on safety.

We've got systems to make sure the flow of information on safety goes both ways. For example, forestry crews recently raised concerns about where truck drivers were standing during loading. We got together with the drivers and crews, and set some clear standards that are now being communicated and reinforced to everyone on-site.

I believe the CEO's role in safety is to set the values and lead by example. One way I do this is by visiting contractors on-site to talk about safety. I remind them their safety is more important to me than productivity or cost performance. I ask questions and listen to their concerns or suggestions. I currently spend about a quarter of my time on safety and I expect that to increase as we ramp up our safety activities with contractors.

### ■ **Engaging contractors on drug and alcohol testing**

**Drug and alcohol impairment is a big issue for the forestry industry and a few years ago we began working together to introduce a code of practice on drug and alcohol testing. As well as working with the industry, we wanted to take a partnership approach with our contractors when introducing this code.**

We brought our contractors together to discuss the code, and made a commitment to not introduce it until we had their feedback. We consulted with them and their employees on how the testing programme might work, and had them vote on preferred options. We also involved contractors in the steering group that oversees the programme. Once we'd designed the programme we spent more than a year educating our employees, contractors and employees of contractors, before introducing it in 2010.

### ■ **The outcome**

**We are now engaging with our contractors in a way that enables us to learn from each other and to share our experiences with the wider forestry industry. Some of our contractors have won awards for their safety programmes; one of them hasn't had a serious harm injury in more than 15 years.**

Regarding drugs and alcohol, the percentage of positive tests has fallen from just over 15% in 2010 to about 7.5% in 2013. So it's still a problem, but things are improving. I believe the collaborative approach we took with contractors enabled us to successfully introduce drug and alcohol testing. It was crucial to us achieving buy-in from them and their workers. We wouldn't have this buy-in if we had tried to impose a solution on them.



### ■ The contractor's view

Rona Wheeldon,  
Systems Manager  
of Olsen Forestry  
Management  
(no relation); co-owner  
of two forestry crews.



Like a lot of contractors, we look to the big companies we work for to get advice on how to run our operations. We've learned a lot from PF Olsen, and we've adopted a lot of their ways of doing things. For example, we've taken up their idea of running safety champion meetings.

PF Olsen's annual *Safe Start Up* event is important to us because it sets the standard for the first day back at work. Our people also appreciate the recognition they get from the safety awards handed out at the event. It's also great that Peter is willing to talk to you, and to even come on-site and talk to the crews.

PF Olsen involves its contractors in a lot of safety projects and that helps us build capability. One of the projects we

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were involved in, on safety culture, eventually won us the 2009 Safeguard Health and Safety Award for the best initiative by a small business.

From our perspective, PF Olsen's drug testing programme has been a huge success. The amount of engagement PF Olsen did made it easier for us to introduce the programme to our people. Our ideas were taken on board and our concerns were addressed.

Our relationship with PF Olsen has always been one of open and honest communication. We've never felt we had to hide things from them. We've actually seen a lot of changes to processes and systems being made because contractors have reported issues to them, and they've taken those issues seriously and done something about them.

# Contractor health and safety – the CEO’s role

## Own it

Holding myself and my organisation to account for the health and safety of people in our contracting chain.

## Manage it

Using my influence to ensure attitudes and behaviours in my contracting chain drive safe practices.

## Measure it

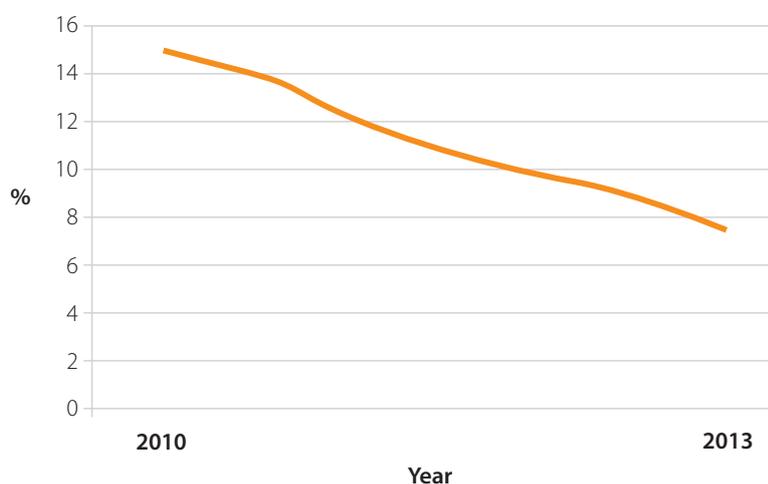
Creating visibility of contractor health and safety with my organisation, governing body, clients and shareholders.

## KEY LEARNINGS

This case study highlights key success factors shown to deliver superior contractor safety:

- **Collaborate** – Peter nurtured a culture of collaborating with contractors and this helped PF Olsen get buy-in from contractors when drug and alcohol testing was introduced.
- **Long-term relationships** – PF Olsen works to build on-going relationships with contractors.
- **Monitor** – Peter has ensured that PF Olsen’s contracts contain clear safety targets, and that performance against these targets is monitored and reported back to contractors.
- **Shared rules** – PF Olsen supported a single code of practice for drug and alcohol testing across the forestry industry and its contractors.

Random testing for drugs and alcohol on PF Olsen sites - percentage of non-negative results



**2010:**

Non-negative results: 15%

**2013:**

Non-negative results: 7.5%

### ■ More information

Watch the video case study: [www.zeroharm.org.nz/leadership/case-studies/pf-olsen/](http://www.zeroharm.org.nz/leadership/case-studies/pf-olsen/)

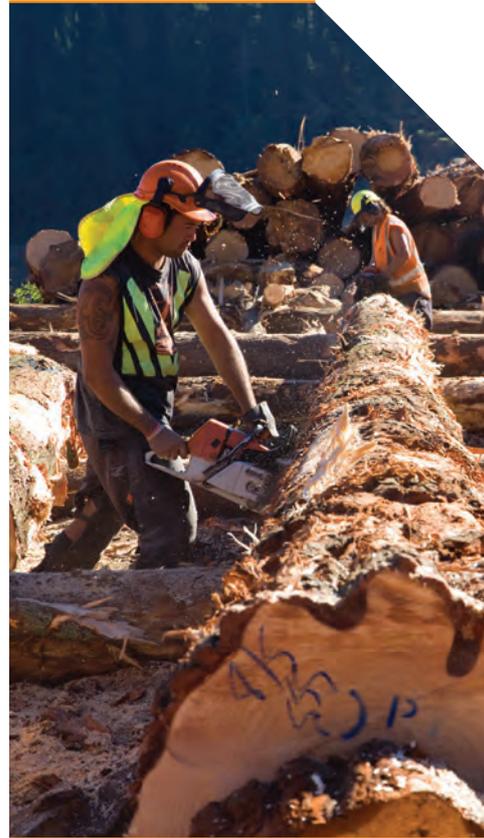
See examples of PF Olsen's safety alerts: [www.pfolsen.com/nz\\_index.php?sect=news&inc=hands](http://www.pfolsen.com/nz_index.php?sect=news&inc=hands)

More about contractor safety: [www.zeroharm.org.nz/our-work/contractor-safety/](http://www.zeroharm.org.nz/our-work/contractor-safety/)

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## Leaders make a difference

The Business Leaders' Health and Safety Forum inspires and supports its members to become more effective leaders on health and safety. The Forum has more than 170 members, who are Chief Executives or Managing Directors of significant New Zealand companies.

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