



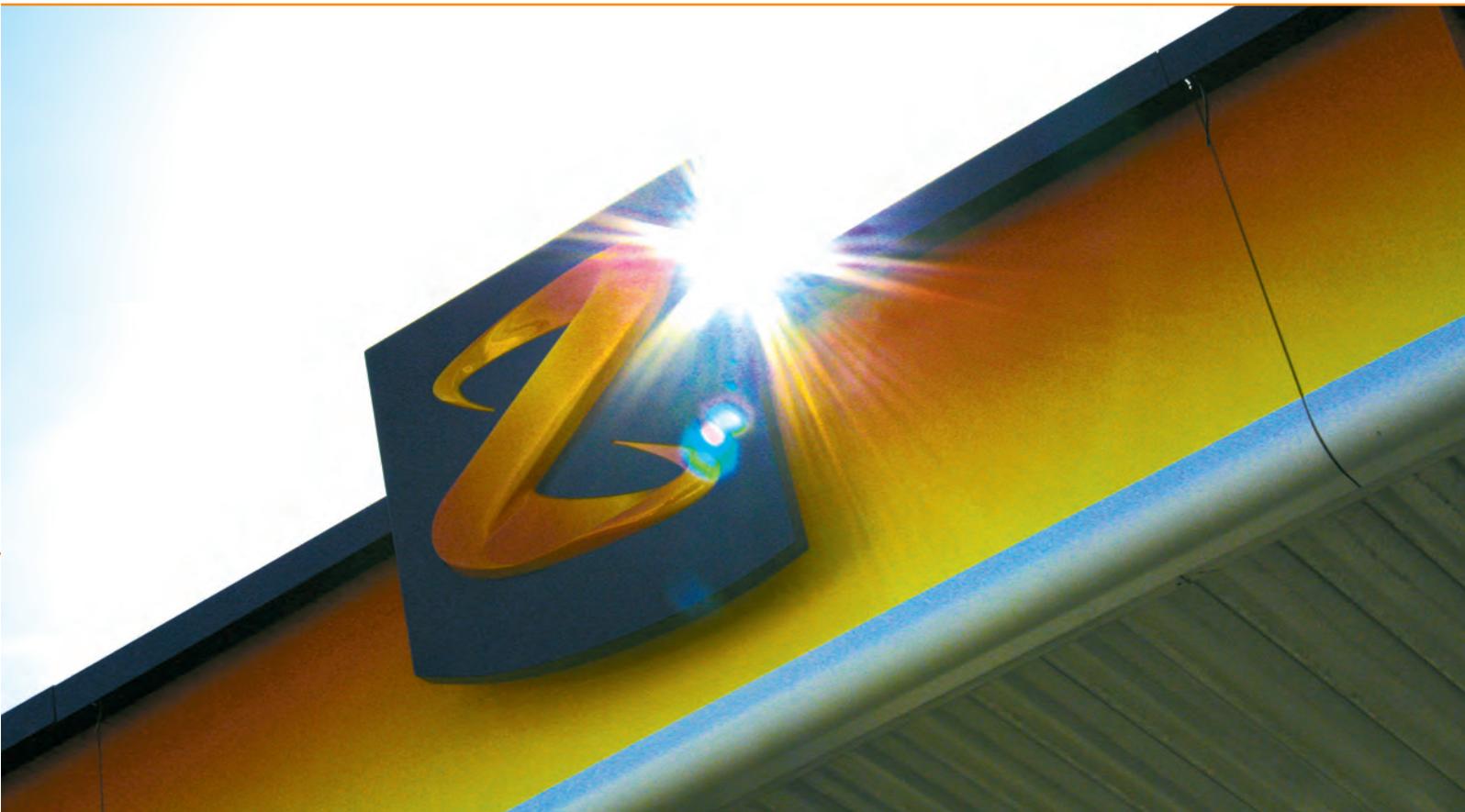
Business Leaders'
Health & Safety Forum

CONTRACTOR INITIATIVE

June 2014

CEO intervention supports contractor safety

Mike Bennetts – Z Energy



I shut down work on a \$35 million nationwide rebranding of Z Energy's service stations for nearly six weeks over concerns about contractor safety.

I took this step because I believe I have accountability for the safety of our contractors. I wasn't prepared to have anyone seriously hurt on our sites. The shutdown sent a clear message to our contractors that we are serious about their safety. It also gave us time to work out what we had to do to support them to keep safe.

“For us, caring about our contractors makes good business sense. It's the 3000 employees of our contractor and partner companies that ensure we can deliver to our customers.”

Mike Bennetts

Chief Executive
Z Energy



In 2011 Z Energy was a new company – and we needed a new face.

So in May that year we began a 12 month, \$35 million refit of our service stations and rebrand of our entire network, which at the time still carried the *Shell* name. We engaged 21 construction and signage firms to do the work that together employed about 3500 people and spent more than 87,000 hours on our sites.

We set four priorities for the project: safety, quality, time and budget. We acknowledged the potential for these priorities to sometimes compete, but we committed to taking a “safety always” approach.

■ Setting up for success

While under *Shell* ownership, we’d already put in place significant initiatives to promote contractor safety.

For example, we always factor safety into the design of the work and this had led us to move away from the traditional way canopies are built. Instead of building these at height, we build them at ground level and lift them into position.

Clear and consistent expectations on safety are included in our contracts. We also heavily promote our *Life Saving Rules*, which manage the most common hazards that can cause serious injury on our worksites.

We have systems to monitor and report on contractors’ safety, including lead and lag indicators, and we use informal conversations to get a sense of what is really happening on the ground.

Our processes for investigating breaches of the rules include looking at the human factors involved. This gives us a sharper picture of what is driving any non-compliance, including where we might be contributing to the problem.



On an individual level, I believe one of the best ways a CEO can show leadership on safety is to go on-site and spend time in their contractors’ world. I find these “walk and talks” really useful because I can compare what I hear on-site from contractors with what I hear from my safety and marketing teams.

The Z rebranding/refit was one of the most significant projects we’ve undertaken with contractors. So before it began we engaged extensively with our contractors to make sure the best and safest work methods were adopted, within our rules. Obviously, the contractors are the experts in signage erection. So it was essential that they were involved in agreeing the safe systems of work.

For the duration of the rebrand/refit I also elevated the safety manager working on the project to report directly to me. This gave me a direct line of sight to safety, with no bias to any of the other project deliverables. We had scheduled meetings to review progress and I would not give the okay to proceed until we were both confident of success.

■ The problem and what we did about it

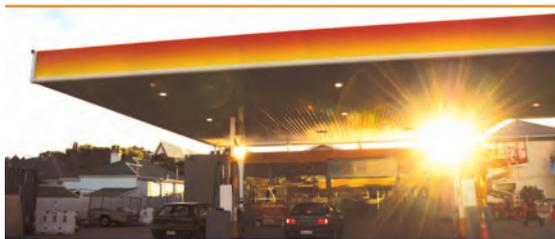
Three months into the project I got a call from the project health and safety manager who was concerned that we'd had three breaches of our life-saving rules at the first 10 sites being redeveloped, largely around working at heights.

There hadn't been any injuries. But the breaches, combined with comments from some contractors, suggested they viewed safety as a compliance thing and weren't really committed to it.

I made the decision to stop all work on the project until my health and safety manager was satisfied it could re-start safely. I did this because I wanted to make an intervention that would make a difference. If I'd sent an email, no one would have taken much notice. But when I stopped the work – well, that got everyone's attention. It gave my health and safety manager the mandate he needed to engage with contractors so he could come back to me with ideas on how we were going to fix the problem.

The first thing we did was run a "boot-camp" where we talked to contractors about our goal of having no one hurt during the project. Each contractor was given material to help them lead a conversation with their teams on safety. Z also ran face-to-face inductions with each work crew to ensure our messages were getting through.

These boot-camps were a really important part of our intervention because explaining *why* we wanted them to stay safe provided context for all the things we were asking them to do. We were really careful to discuss our concerns in a way that didn't put our contractors in the wrong. If you do that people become defensive and it's hard to reach any common ground. Instead, we said this is about us and what we want, and can we work with you to make this better.



I believe that it's not reasonable to expect world-class safety standards from contractors unless you support them to achieve these standards. So at each site we provided essential equipment, like scissor lifts and access platforms, to keep contractors from using incorrect equipment. We also contributed to the cost of other safety equipment that contractors could re-use on future jobs.

We realised that the deadlines in our contracts meant we had a lot of different contracting firms on-site at once, all working as hard as they could, with no clear accountability for overall site safety. So we put one contractor in charge of safety on each site, and that person determined the priorities and workflow between the various contractors.

We restarted the project six weeks later in November. However, we had another planned three-week shut down over Christmas to reassess and recalibrate, and importantly to allow our contractors to have a break over the holidays.

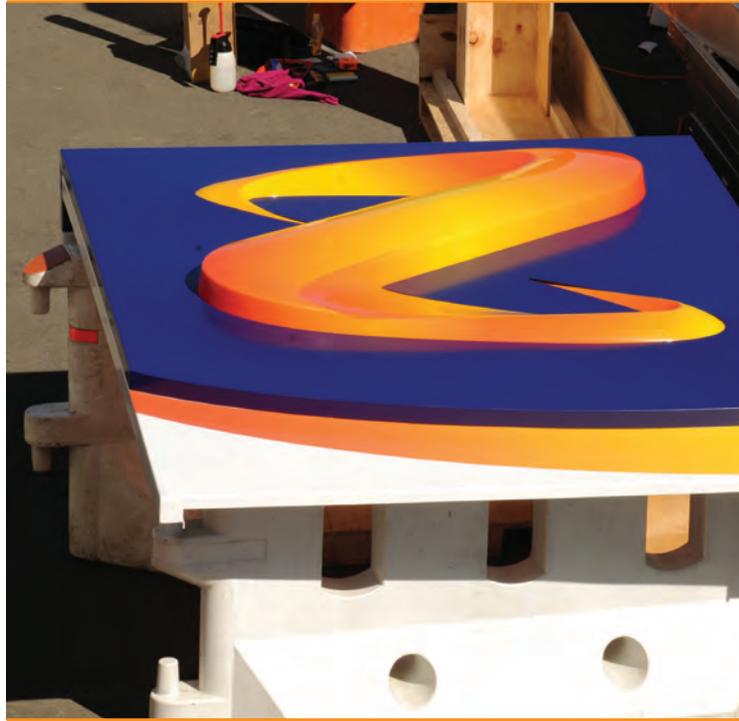
■ Why we took action

For us, caring about our contractors makes good business sense.

Z only has about 300 employees (who largely work in offices). It's the 3000 employees of our contractor and partner companies that ensure we can deliver to our customers. With a business model like ours you can't base your relationship with contractors just on the contract. You've got to get involved in what they're doing on a day-to-day basis.

At Z we're personally committed to the safety of everyone who helps make our business a success. One of the ways I've tried to demonstrate that commitment is by having my performance targets linked to the safety of contractors as well as employees. The board holds me accountable for my performance, and my bonus depends on how well I do.

I also have a personal commitment to safety. Frankly, I don't ever want to have to ring up someone's mother or brother or son and tell them I'm really sorry but while your loved one was contracted to us they were killed. That's what motivates me to get actively involved, and not sit on the sidelines like a spectator.



■ Results

I have no doubt that temporarily halting work and engaging with contractors as we did directly contributed to the success of the rebrand/refit project.

The stop-work sent a very clear message to contractors that at Z when we say “safety always” we really mean it. More importantly, it gave us space to work with them and put in place additional measures to ensure work was done safely.

This belief is backed up by our data. Prior to the intervention we had three breaches of our life-saving rules at the first 10 sites. Following the intervention there were seven breaches over the remaining 200-odd sites. Clearly the frequency of breaches declined significantly. In the end, over the whole project the only injuries recorded were five first aid cases.

Importantly, we met our quality and budget goals. As for the deadline – well, as a result of the intervention we were able to improve our logistics and work plans.

“I believe that it’s not reasonable to expect world-class safety standards from contractors unless you support them to achieve these standards.”

That meant that despite two shutdowns we still hit the project’s hard delivery deadline.

This project taught us a lot about working with contractors. It opened our eyes to weaknesses in our contractor management system that we’ve been able to work on.

It also reinforced to us the importance of setting clear expectations, and taught us that if you want contractors to buy-in to safety you need to start by explaining why it’s important to you.

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 several factors known to deliver superior contractor safety:

- **Intervention** – Mike stepped in with a meaningful intervention as soon as problems began to surface.
- **Respect** – Mike demonstrated that he values and respects his contractors by investing time and money in their safety.
- **Coordination** – Z made one contractor responsible for overall site safety. So when multiple contractors were working on site there was one person who determined priorities and workflow.
- **Clear goals** – Z sets out clear goals and responsibilities in its contracts.

How Mike's intervention impacted on contractor safety

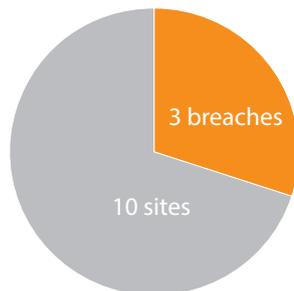
Before Mike intervened:

3 breaches of Z's life-saving rules on the first 10 sites

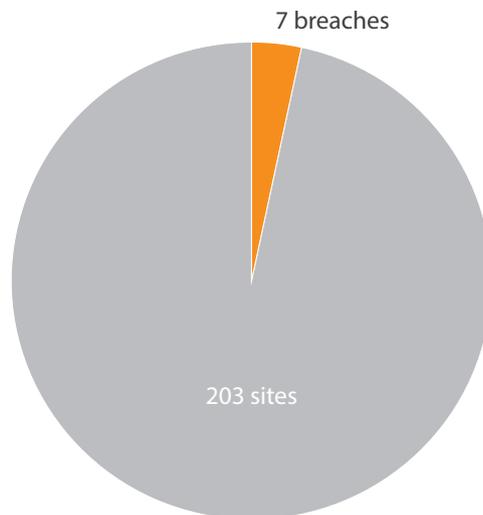
After Mike intervened:

7 breaches of Z's life-saving rules on the remaining 203 sites

Before:



After:



■ More information

Watch the video case study: www.zeroharm.org.nz/leadership/case-studies/z-energy

More about contractor safety: www.zeroharm.org.nz/our-work/contractor-safety/

“I have no doubt that temporarily halting work and engaging with contractors as we did directly contributed to the success of the rebrand/refit project.”



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.

Contact us

Julian Hughes, Executive Director

Email: julian.hughes@zeroharm.org.nz

Mobile: +64 27 248 9545

Or find out more at: www.zeroharm.org.nz



Business Leaders'
Health & Safety Forum

CONTRACTOR INITIATIVE