HOW TO:

Lead a step change in contractor health and safety

A guide for CEOs
Contractor health and safety
The leadership challenge

Leaders can make it happen
Leaders of large businesses have the power to lift the health and safety performance of people working in their contracting chains.
They can use their influence to change the conditions and cultures their contractors work in.
They can ensure contractors are supported and incentivised to make safety a priority, and that they are involved in creating ways to work safely.

It’s the right thing to do
For leaders, taking responsibility for the health and safety of everyone who makes their business a success – employees and contractors – is the right thing to do.
It makes good business sense, protecting an organisation’s reputation and ability to deliver to customers.
It also gives senior leaders a head-start on complying with new legal obligations towards contractors.

How leaders can make a difference
The Business Leaders’ Health and Safety Forum commissioned work to identify the role of leaders in improving health and safety in the contracting chain.
This guidance document summarises that work – and provides practical examples of things leaders can do to improve contractor health and safety.
It also includes an aspirational commitment they are invited to make, to demonstrate their leadership on health and safety in the contracting chain.

“...It makes good business sense, protecting an organisation’s reputation and ability to deliver to customers....”
Business Leaders’ Health & Safety Forum

CONTRACTOR INITIATIVE

My commitment to contractors

I WILL PERSONALLY DEMONSTRATE LEADERSHIP ON HEALTH AND SAFETY IN MY CONTRACTING CHAIN BY:

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

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

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

Forum Member

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Own it

How leaders can hold themselves and their organisations to account for the health and safety of people in their contracting chains.

When it comes to health and safety, treat contractors like you treat employees

Examples of what a CEO can do
- Report on health and safety in the contracting chain the same way you report on employee safety
- Include the health and safety of contractors in your strategic planning and review process.

Communicate your expectations and personally intervene if necessary

Examples of what a CEO can do
- Allocate time to communicate your expectations to your board, management team, procurement and safety staff, and contractors themselves
- Intervene when needed to resolve health and safety concerns, or if your people are not supporting your drive for improvements
- Talk to contractors on-site. Front health and safety initiatives and stay involved – don’t just “launch and walk away”.

Set goals and hold yourself and your organisation to account for performance against these goals

Examples of what a CEO can do
- Outline your strategy and goals for contractor health and safety to your board, manager or governance group
- Include actions to drive health and safety in the contracting chain in your business plan, along with indicators to measure progress
- Set key performance indicators on contractor safety for yourself with your board, manager or governing body.

www.zeroharm.org.nz
Mike Bennetts, Z Energy

In 2011, 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 wanted to intervene in a way 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.

At Z we’re personally committed to the safety of everyone who helps make our business a success. 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.

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.

"I wanted to intervene in a way that would make a difference."

Prior to me intervening we had three breaches of our life-saving rules at the first 10 service stations being rebranded. Following the intervention there were seven breaches over the remaining 200-odd sites. Clearly the frequency of breaches declined significantly.

Importantly, we also met our quality and budget goals – and logistical improvements prompted by the shutdown meant we also hit the project’s hard delivery deadline.

See the full story at www.zeroharm.org.nz/leadership/case-studies
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Manage it

How leaders can use their influence to ensure attitudes and behaviours in the contracting chain drive safe practices.

Ensure your contracting arrangements promote safe work

Examples of what a CEO can do

- Talk to contractors to assure yourself remuneration arrangements and deadlines throughout the contractor and sub-contractor chain support safe practices and don't undermine them
- Demonstrate that you respect and value your contractors and their sub-contractors by taking health and safety into account when contracts are awarded, not just price
- Seek assurances that safety is being incorporated into the design of contract work.

Examples of what a CEO can ensure their organisation does

- Have clear contractual agreements that set out health and safety goals and responsibilities. Include provisions to enforce compliance, and have consequences for violations
- During the tender process, look beyond information submitted by contractors and check if the claimed safety performance is real
- Once contracts are awarded, ensure you and your contractors adhere to the same health and safety codes of conduct and frameworks
- Involve contractors in planning and coordinating the work so together you can identify risks and the best ways to manage them.

Build collaborative relationships with contractors

Example of what a CEO can do

- Meet key contractors to set common health and safety goals. Let them know the door is always open if they need to discuss important issues.

Examples of what a CEO can ensure their organisation does

- Encourage your organisation to work collaboratively with contractors to support a shared commitment to safety
- Build long-term relationships with contractors that support your health and safety goals. Drop contractors that don't support your safety goals.

Invest in building contractor capability on health and safety

Example of what a CEO can do

- Allocate time and resources to ensure contractors can be supported to work to agreed health and safety standards.

Examples of what a CEO can ensure their organisation does

- Build capability by involving your contracting chain in day-to-day health and safety activities like inductions, training, and safety briefings
- Support them to comply with regulatory requirements.
CEO stories

Graham Darlow, Fletcher Construction

When rebuilding work began in Christchurch there were predictions that 1-2 construction workers could die each year of the rebuild. Many more would suffer life-changing illnesses.

That prospect was unacceptable to me. I was determined to use the rebuild to make long overdue changes to our industry that could transform construction’s poor health and safety track record, and could be replicated outside of Canterbury.

The approach we’re taking in Christchurch is to leverage our influence over our sub-contractors, to set high health and safety standards and to ensure certain levels of performance. We’re working to engage sub-contractors and their employees in the health and safety process so they know how to keep themselves safe.

I believe my role in changing the culture is to demonstrate through my actions that I genuinely believe good health and safety is good business. For me, that includes choosing to spend time talking to sub-contractors about safety.

We’ve seen a big turnaround in attitudes towards health and safety among our sub-contractors. People who initially complained about this new, safer way of working now acknowledge that better health and safety has been good for their businesses.

The benefits are also coming through in our data. Encouragingly, both the injury frequency rate and near hit frequency rate appear to have peaked, with the total recordable injury frequency rate starting to come down in 2014.

"We're working to engage sub-contractors and their employees in the health and safety process."

I’m hopeful that what’s happening in Christchurch today will provide a role model for the residential construction industry throughout New Zealand. We’ll be able to demonstrate that it is possible for our industry to work safety and keep its contractors safe.

See the full story at www.zeroharm.org.nz/leadership/case-studies
Measure it

How leaders can create visibility of contractor health and safety with their organisation, governing body, clients and shareholders.

Ensure contractor performance is reported

Examples of what a CEO can do
- Report on the health and safety of contractors to your board, manager, governance group or shareholders, including what you are doing to improve performance.

Examples of what a CEO can ensure their organisation does
- Monitor compliance with legal, policy and contractual requirements
- Require contract managers to monitor contractor health and safety as closely as they oversee performance on measures like cost and quality
- Track the health and safety culture of contractors using agreed frameworks.

Reward good performance; penalise poor performance

Examples of what a CEO can do
- Value contractor contributions by listening to and implementing their suggestions
- Build incentives into the contract that reward good health and safety performance
- Personally recognise good performance on health and safety by contractors.

Examples of what a CEO can ensure their organisation does
- Evaluate contractors’ health and safety performance at the end of big projects and factor the results into future engagement decisions
- Ensure your organisation does not engage contractors who can’t be managed to achieve minimum health and safety standards
- Have mechanisms that allow disciplinary action for serious health and safety violations. Be prepared to use these appropriately.

Ensure information is shared across the contracting chain

Example of what a CEO can ensure their organisation does
- Set up communication channels to ensure information flows right around the contracting chain, to share insights and build a common understanding.
PF Olsen takes a collaborative approach to working with contractors on health and safety - an approach I believe helped us successfully introduce random drug and alcohol testing for contractors in 2010.

We set clear expectations on health and safety, and monitor performance. But we also actively help our contractors build health and safety capability, so they can engage and educate their employees.

Our contracts include key performance indicators (KPIs) on safety. Each month contractors are audited against these KPIs and this is a great motivator. The best performers are rewarded at safety events, while the poorest performers know they will be the first to be let go if we get a downturn in log production.

"Each month contractors are audited against these KPIs and that is a great motivator."

Drug and alcohol impairment is a big issue for the forestry industry and a few years ago the industry produced a code of practice on drug and alcohol testing. We wanted to work in partnership with our contractors to introduce this code.

We consulted extensively 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.

Since then, the percentage of positive tests has fallen from just over 15% 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.
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Take the next step

Gaining deeper insights
Our research uncovered 12 critical “success factors” that create safe contracting chains. These factors provide a new way of thinking and acting on contractor health and safety. We’ve used them to create an assessment tool to help leaders gauge how well they are performing, and to uncover opportunities for improvement.

Contact info@zeroharm.org.nz to complete the assessment.

Becoming a champion
Consider joining other like-minded chief executives and managing directors willing to champion improved contractor health and safety.

These leaders will use their own experiences, knowledge and influence to change attitudes and practices in their contracting chains. They will take a leadership role and become a powerful voice for what can be achieved.

They will report on their contractor safety journeys, and receive ongoing support and advice from the Forum and other champions.

Contact info@zeroharm.org.nz to become a champion.

“...Consider joining other like-minded chief executives and managing directors willing to champion improved contractor health and safety...”
Setting up for success

Research commissioned by the Forum identified 12 “success factors” that support safety in the contracting chain.

The guiding principle
Respecting all
Respecting and valuing all people, regardless of gender, race, status, role in the contracting chain etc., and understanding the perspectives of others.

The approach
Working collaboratively
Working constructively, and sharing expertise and understanding, to achieve common purposes and foster trust-based relationships.

Being involved
Active involvement in developing the health and safety capability of all parties in the contracting chain.

Thinking long-term
Building relationships within the contracting chain that can be sustained over time.

The enabling processes
Clarifying expectations
Providing clear guidelines with regards to the work to be done, work standards and behavioural standards of all parties in the contracting chain.

Sharing practices
All parties in the contracting chain adopting and adhering to relevant health and safety guiding frameworks.

Co-ordinating work
Committing time to organise and plan ahead, consider the risks and how best to manage them.

Sharing information
Providing all relevant health and safety information up, down and across the contracting chain.

Building capability
Developing health and safety capability, including safety leadership, at all levels and across all organisations in the contracting chain to ensure work is done safely and effectively.

Monitoring compliance
Observing and checking compliance with legal, policy, regulatory and/or contractual requirements.

Responding fairly
Recognising good performance and providing motivation through reward, and applying sanctions in a fair and consistent manner when rules or agreements are broken.
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Get more information

- Read or watch our CEO case studies at www.zeroharm.org.nz/our-work/contractors
- Attend Forum events on contractor safety. See www.zeroharm.org.nz/events/upcoming-events.
- Improve your safety leadership knowledge and skills by enrolling in the Forum’s Executive Leadership Programme. See www.zeroharm.org.nz/leadership/leadership-programme.

About the Forum

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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