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Contractor / Supplier Prequalification & Screening

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VP Account Management



Pre-qualification Is The Foundation Between Clients & Suppliers

- Awareness and assistance with regulatory requirements, best practices & site specific requirements
- Multi-employer responsibility
- Selecting safe contractors/subcontractors greatly reduces risk and is applicable to both owners and contractors
- Awareness with contractor management elements of enforcement and consultation initiatives



What Are the Issues?



- Cost, time & resources for both the company and the suppliers (contractors & subs)
- Establishing proper and updated audit protocols
- Keeping up with regulatory changes and best practices
- Minimize incidents and potential lawsuits
- Buy-in from all departments/divisions
- Standardization & access to data



Self Evaluation – The Tough Questions



- Do we have contractors/subcontractors working for our company with either incomplete or no qualification data at all?
- Do we award our contractors based on the “low bidder”?
- Does part of our qualification process include auditing?
- Do we consistently update our audit program to meet regulatory needs?
- Do we have a program in place for re-evaluation?
- Do we review other considerations such as insurance certificates?



The Relationship Model





How Do You Communicate with Your Contractors?



Communicate

- Set and enforce safety expectations before awarding a contract
- Actively communicate all safety expectations stated in the contract to affected staff
- Frequently hold contractor safety meetings with clearly communicated expectations
- Establish a contractor safety council for facilities where contractors regularly work
- Train and educate contractors through site-specific programs and standards to ensure a high level of awareness and comfort with compliance
- Yearly evaluate the process and progress, and benchmark the efforts for continuous improvement



Who Can Access Data For The Relationship Decision?



Communicate

- Procurement/contracts
- Operations
- Maintenance
- EHS
- Engineering
- Technical Services
- Risk
- Security
- Others



How Do You Determine A Good Fit?



- Use objective criteria: EMR, TRIR, LWCR, Fatalities, etc.
- Use subjective criteria: work history, written policies, past performance
- Conduct audits that verify the written protocols meet compliance based on services performed and risk
- Conduct audits that verify implementation of the written protocols
- Collect necessary documentation



Use A Standardized Prequalification Form



- All appropriate safety statistics and programs
- Regulatory citation history
- Services performed or provided & risk ranking
- Site specific requirements
- How long has the contractor been doing business?
- Insurance coverage, including limits, additional insured and waiver of subrogation
- Major projects performed including references
- Custom functionality



Detailed Review of PQF



- What are we doing with the data?
- Verify incidence rates
- Review of OSHA Logs & EMR
- Look for inconsistencies
- Check references
- Verification of other mission-critical data when required, e.g. contractor license, substance abuse programs, supplier diversity, environmental, DOT, background checks, corporate social responsibility, etc.



Risk Ranking – Allowing Various Levels



- Tailor prequalification based on risk,
- Reducing the burden on lower-risk contractors
- And aligning resources with exposure



Audit Based on Service & Risk Ranking



- Review of the contractor's safety program
- Are the essential programs addressed based on the services that will be performed?
- Are the programs adequate?
- Are the programs specific to the contractor and the services provided?
- Does the program allow for customization based on risk?



Audit Based on Service & Risk Ranking, Continued



- Is the written program implemented?
- Are the inspections of critical pieces of equipment being done?
- Is there a method to ensure the training based on written programs is being conducted?
- Are JHAs, job-site inspections and other hazard identification/mitigation techniques being used and documented?



What Is The Commitment?

Evaluate

- Who is the gatekeeper?
- What is the gatekeeping process?
- What is the enforcement?
- How does the formal waiver process work, i.e. emergency work?



Select Contracts & Vendors



- Be courageous in selecting your contractors and look at all facets – not just cost
- Be clear that safety is just as important as other considerations when awarding the bid
- Establish realistic safety benchmarks
- Help contractors to become preferred vendors or strengthen the relationship you already have with them



- Audit and monitor the work as it is being completed
- Record safety evaluations and keep them on file
- Establish a re-evaluation criteria



Database



- The best way to manage the vendor data is to use a database
- The database needs to be updated regularly
- Spreadsheets are possible, but need to be controlled
- Database can be shared with all necessary users on a 24-7/365 availability
- When used in a consortium – best practices and new advances in user functionality is shared and kept fresh



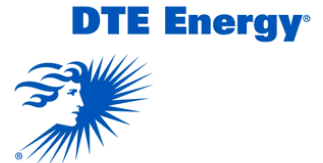
Database, Continued



- Consistency eliminates redundancy
- Database can ensure data is reviewed and current
- Internet interface can be used by all (paperless and green) – no need for additional specialized software
- Compliance history can be kept and tracked
- Track compliance by both plant, regulatory standards, best practices and contractor/subcontractor programs



PICS PARTIAL PARTNER LIST





If 99.9% was Good Enough

- Every day, two planes would crash at Chicago's O'Hare Airport.
- Southwest Airlines would have 702 planes crash annually.
- 12 newborn babies would be given to the wrong parents each day.
- 2 million documents would be lost by the IRS this year.
- Over 20,000 prescriptions would be filled incorrectly annually.
- 107 incorrect medical procedures would be performed each day.



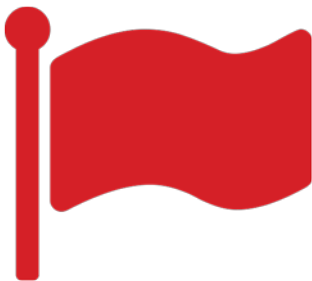
PICS Flagging Status – Because 99.9% Is Not Good Enough



- **Green** = Meets requirements & all required data is present



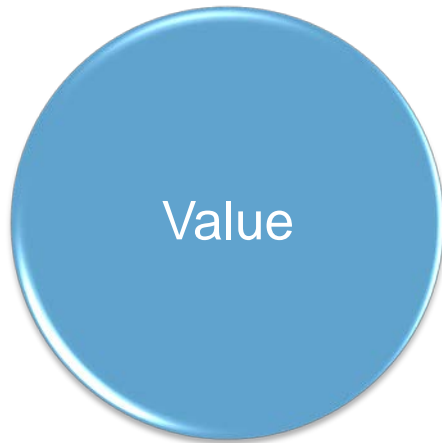
- **Yellow** = Pending required data or conditional prequalification



- **Red** = Does not meet requirements or pending required data



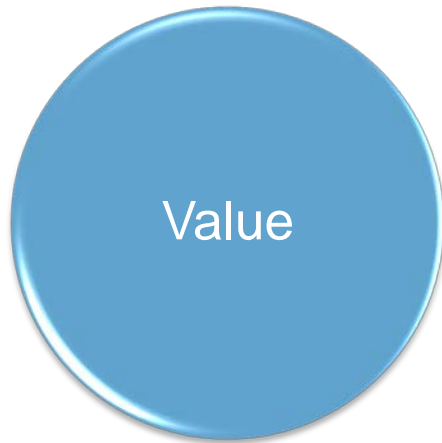
Value to Client / Consortium Member



- Reduced risk, increased loss control, cost savings
- Reduced paperwork and administration
- Standardization & transparency
- Visibility of approved and non-approved firms
- Access to PQFs and documents on demand
- Ability to demonstrate regulatory compliance
- Visibility of peak performers
- One “Approved Contractors” list w/evergreen data



Value to Supply Chain



- One qualification event for multiple work opportunities
- Applying equal standards, thus leveling the playing field
- Ensuring all requirements are identified and met
- Contractor awareness with regulatory and best practices such as VPP and PSM
- Cost savings
- Leverage audited safety program (insurance discounts, etc.)
- Get access to other Owner/Operators/GCs



Thank You

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