

SYSTEMS WORKSHOP

Subcontractor Engagement

AIM

The aim of this workshop is to have a group discussion about how you can improve the systems (policies, procedures, ...) you have in place regarding subcontractor management. Improvement can be understood as refinement of the process itself or as creating ownership and dialogue with your subcontractors. Both add value to the process itself.

THE STAGES OF SUBCONTRACTOR MANAGEMENT

Subcontractor management is a process that involves overseeing the lifecycle of one or more subcontracts for a project.

The subcontract management process typically involves four distinct phases:

Pre-award phase:

- Identifying the specific needs for an activity
- Identifying and qualifying potential subcontractors

Award phase:

- Communicating policies and requirements to subcontractors
- Negotiating contract(s)

Execution phase:

- Providing ongoing oversight and supervision of the activity
- Providing ongoing support of the activity

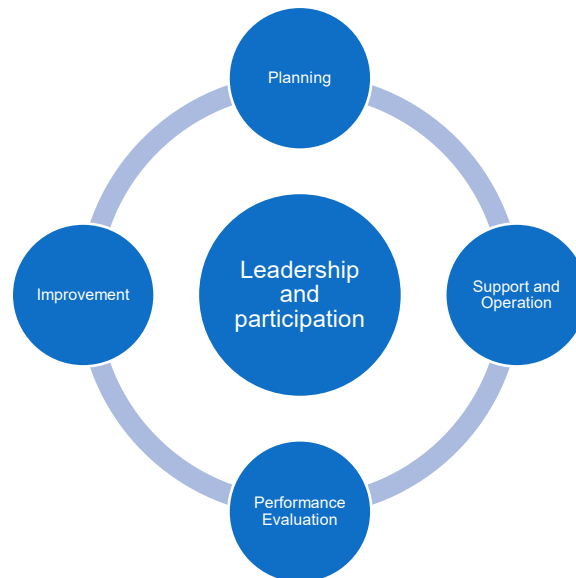
Post-execution phase

- Evaluating performance
- Feedback of lessons learned to the next pre-award phase

These phases, even though subsequent, are not linear. They are in fact circular. This becomes visible when you put the process in the context of the structure of the ISO 45001, the standard to which a large number of health and safety management systems are certified to:

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Subcontractor management is a process which helps us to manage certain risks and opportunities with regard to activities we subcontract while continuously improving at it:

- Requirements with regard to subcontractor capabilities and health and safety measures needed in function of the scope of works are defined in the **Planning** stage. The basis for this is typically a method statement and risk assessment. Based on these parameters (and obviously also others such as for instance foreseen budget and local market conditions) potential subcontractors are identified.
- The next step would be communicating policies and requirements to identified subcontractors. Based on this and as well the risk assessment of the subcontractor itself, a contract is negotiated and health and safety measures are agreed upon.
- In the stage of **Support and Operation** activities commence. Everything we've foreseen in the Planning stage will now be implemented. Typical activities in this stage are site inductions, pre-task briefings, toolbox talks, procurement of materials, safe systems of work, LEAN meetings and so on. Key elements of this stage are supervision and support which facilitates the safe execution of the works. Supervision should be understood not solely as a control/checking exercise, but as an activity which allows for last-minute changes in for example assumptions, planning and coactivity to be taken into account. Support should be understood as the oil which lubricates the gears of the machine. On-the-field training and coaching activities can be part of this, but also discussions in safety meetings, allowing subcontractors to make adjustments in their approach in order to keep the activity safe.
- Observations collected in the Support and Operation phase, be it via site inspections or other means of data collection such as incident analysis and learning from near-misses or detection of things which went better than expected and added value for whatever reason, are the base of the **Performance Evaluation** stage. The objective of this stage is to clearly identify what should be improved or taken into account in the future because things didn't go according to plan. But also what went extremely well and should be considered as a valuable learning for future activities.
- These findings – both positive as well as negative – are then communicated to different stakeholders in the **Improvement** phase. This phase is extremely valuable for all parties involved: for us as general contractor it offers opportunities for the next time we subcontract a (similar) works package or activity. For the subcontractor as well this has tremendous added value because weaknesses can

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be addressed and good ideas developed on the project during the activity can also improve future works. By connecting the Improvement phase to the next Planning phase and even the current Support and Operation phase, the health and safety performance of all parties involved can and will be improved over time.

As you've noticed all phases have certain distinct processes or components in them. Equally important is the fact that not only phases are interlinked, but also that between processes or components there are feedback loops which need to exist. A typical feedback loop in contractor management is contract negotiation during which expectations and needs are aligned. A system without feedback loops is not a system, but a top-down approach which will generate a lot of safety (paper) work, but rarely lead to a higher level of the safety of work.

CREATING ENGAGEMENT

Why do we insist on subcontractor management as a process while we want to create subcontractor engagement? There's a link between management – or the systems approach – and engagement.

First of all, a poorly structured system or on the other hand an overly inflated bureaucratic system will lead to disengagement. A system which uses the right inputs and has the right feedback loops will generate added value on the output side and this will have a positive effect on engagement of people.

Secondly, systems do not exist autonomously. Systems exist because people maintain them and – maybe even more importantly – because people work inside these systems. This is where subcontractor engagement comes in. Because the more people are engaged, the better the system will function, the faster it will improve and the more yield it will produce.

Subcontractor engagement is the emotional commitment and involvement the subcontractor has to the project and its goals.

This emotional commitment means engaged subcontractors actually care about their work and your project. They don't work just for a paycheck, or just for the next promotion, but work on behalf of the project's goals.

When subcontractors care and are invited in, they use discretionary effort and will go the extra mile.

This does not only mean working overtime when needed, without being asked. This does not only mean a worker picking up the trash on the floor, even if the boss isn't watching. This means taking responsibility and assuming accountability. Not only for the operational aspect of the activity itself, but also for the level of the safety of the work.

This is why leadership (influencing people's behavior in function of your goals) and participation (or in other words: the level of engagement of people) are extremely important. After all, if you look at the ISO structure as a wheel which leads to continuous improvement, leadership and participation are the axle that defines the speed of the evolution of the wheel. A high level of leadership and participation makes the wheel spin faster. A low level of leadership and participation slows down the wheel.

More information about leadership and leadership styles can be found in the BESIX Field Guide to Subcontractor Management.

WORKSHOP QUESTIONS

The following questions will help you identify strong elements of your subcontractor management process as well as room for improvement. It will also enable you to bring your process alive by inviting people in and creating the right added value at the right moment.

A good idea might be to take a specific subcontractor working on your project as “case study” for the workshop. This will help you to make the exercise very practical.

STRUCTURE

- Do we have a structured system in place (the 4 stages)? If so, who’s involved in which stage? What works well and where do we see bottlenecks?
- Are all phases of the system interlinked? How are they feeding critical and relevant information to each other?

PLANNING

- How do we define the right requirements based on the specific scope of work? How are these communicated to subcontractors?
- How do we identify subcontractors for an activity or works package? Are we taking into account the consequences of certain trade-offs? If so, how do we do that?
- Are we taking into account not only our needs and expectations with regard to health and safety, but also those of our subcontractors? If so, how do we do this?

SUPPORT AND OPERATION

- What activities are we foreseeing during execution of works in order to supervise and support? Are we also taking into account certain trade-offs we made in the previous stage? If so, how do we do that?

PERFORMANCE EVALUATION

- What information do we collect to evaluate health and safety performance? How exactly do we evaluate this performance level and who’s involved in this process?
- When evaluating performance, are we looking at both weaknesses and strengths?

IMPROVEMENT

- How are we feeding back lessons learned to our organization? How is this information used? Are we also feeding back lessons learned to our subcontractors allowing them to raise their capabilities by addressing weaknesses and implementing great ideas?