



Innovative Strategies for the Road Ahead

## **MANAGING PARTNERS AND SUBCONTRACTORS**



For many Fleet Forum members, partners and subcontractors are key to their business performance, and their capabilities and competencies will need to be assessed. The Partners and Subcontractors should provide value in 4 areas:

- Safety
- Sustainability
- Service (programme delivery)
- Savings

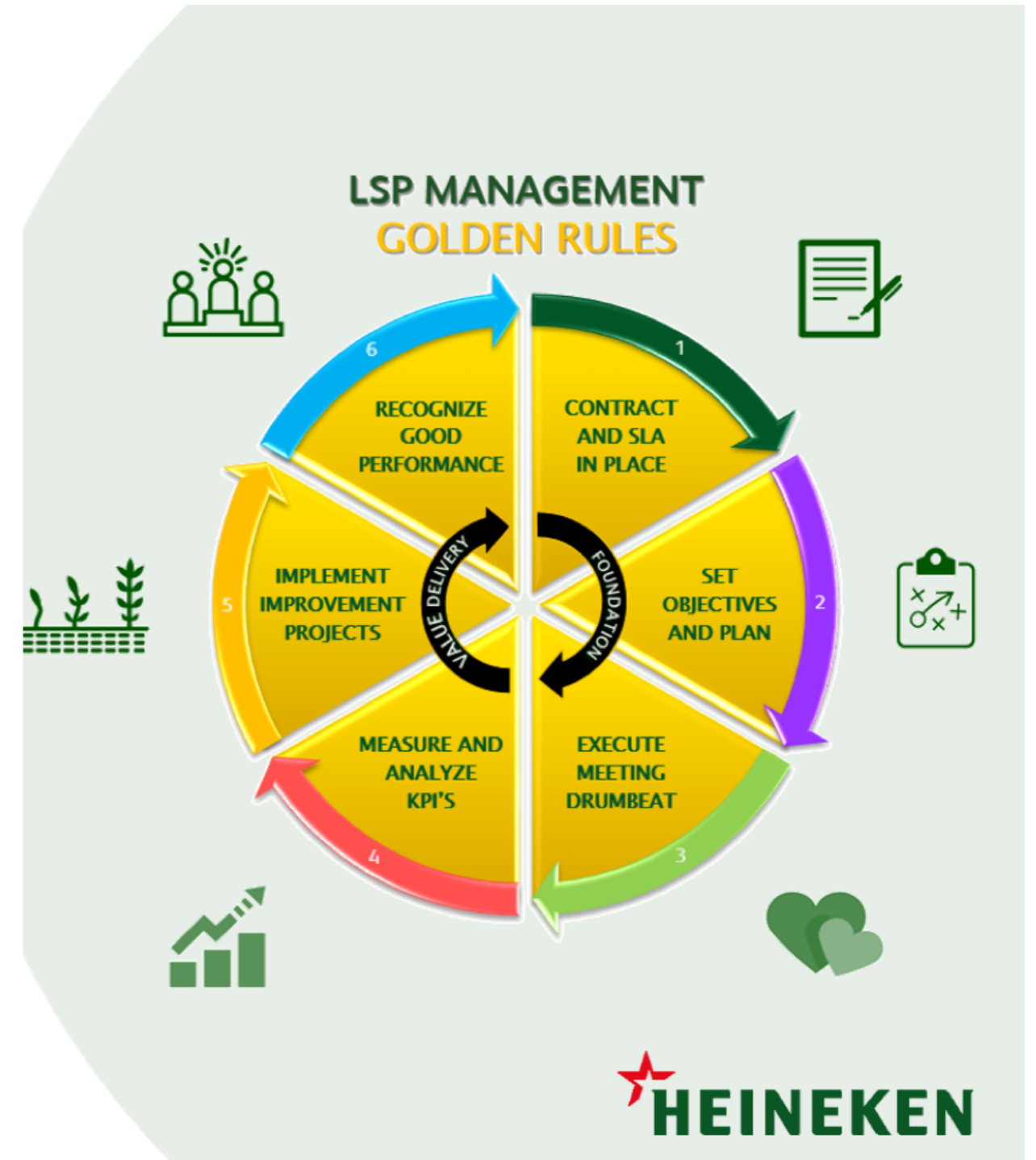
**Safety:** In many operations, the use of partners and contractors to transport people and supplies is a significant road safety risk to the organisation. Especially when these partners or contractors are using vehicles carrying the organisations' logo. This needs to be considered in risk assessments and appropriate actions and controls put in place to manage the risks.

**Sustainability:** Used oil, oil filters, batteries. These are just a few of the waste items that your fleet produces and that your workshop partner needs to sustainably dispose of. How can you environmentally manage your partners and subcontractors?

**Service (programme delivery):** Similarly, like you would do with your internal resources (such as your drivers or in-house mechanics) you would need to work with your partners and subcontractors and unlock the value in the contracts that you have with them. The partners and subcontractors should understand what your mission is and what your organisation tries to achieve. They should also be given KPIs and regular reviews of these KPIs should take place.

**Savings:** Ultimately, the outsourced service should generate savings for the organisation. Outsourcing allows you to control costs, which is the largest reason that organisations use it. You can pay for services as you need them and avoid making major investments in infrastructure, software, and personnel.

As an organisation that is relying on outsourced transport, Fleet Forum member Heineken developed a programme in which the value of logistics service providers is managed through so-called '6 golden rules':



In 2020 Heineken facilitated a webinar around the value of subcontractor management.  
[Link to Heineken webinar](#)

## CONTRACTOR MANAGEMENT PROCURING SERVICE

This Practice is intended to ensure that there is a formal approach to managing the risks associated with working with Contractors, that these risks are identified, assessed and controlled in a methodical way so that they can be removed or reduced to an acceptable level.

For the purposes of this Practice, Contractors are defined as:

- Sub-contracted individuals operating the organisations' vehicles<sup>1</sup>;
- Implementing partners who operate vehicles on behalf of the organisation;
- Transport service providers (such as taxi companies) who are contracted by the organisation;
- All third parties that are operating vehicles by the organisation.

<sup>1</sup> Vehicles include motorbikes, passenger vehicles, 4x4 vehicles and heavy vehicles

### Who is it for?

This Practice is intended for the use of following groups:

- Those involved in the development and maintenance of contractor management processes and procedures.
- Those directly involved in the selection and management of contractors.

## 1. INTRODUCTION

### 1.1 Intent

This Practice describes a systematic approach for managing risks associated with work performed by Contractors.

The primary aim of this Practice is to prevent road safety incidents. However, the processes may be extended to include other aspects of performance and should be aligned with the organisations' supplier performance management processes.

This Practice sets out a number of minimum expectations followed by supporting guidance that should be applied to Contractors to the extent that existing contracts allow. This Practice draws on lessons learned from accidents involving Contractors, both from internal and external sources.

**Note:** This Practice is based on experience and inputs from a variety of sources. It should be recognised that risks can never be fully eliminated and, as we learn, organisations may have to adjust the acceptable risk envelope and the Minimum Requirements of this Practice. This would result in an updated edition of this Practice being issued by department responsible for safety related matters

### Applicability

This Practice applies to all transport operations controlled, operated or owned by the organisation and also to all transport operations operated or controlled on the organisations' behalf.

In the event of a conflict between this Practice and a relevant law or regulation, the relevant law or regulation will be followed. If the Practice creates a higher obligation, it should be followed as long as full compliance with the law or regulation is achieved.

## 2. THE PRACTICE STRUCTURE

### 2.1 Minimum Requirements and Recommendations

Minimum requirements describe the minimum processes and activities that shall be completed to deliver the intent of this Practice. These Minimum Requirements will become the "benchmark" for acceptable operating within organisations and will form the basis for Safety and Operations Audit Protocols.

Recommendations provide details of good practice which go beyond the Minimum Requirements of this Practice. These are intended to provide options for continuous improvement that will take the organisation beyond "getting the basics right" and towards operational excellence. Adherence to recommendations will not be required to meet the intent of this Practice.

### 2.2 Language

#### "Shall", "Should" and "Must"

Throughout the Practice, the words 'will', 'may', 'should', 'shall' and 'must', when used in the context of actions by the organisation or others, have specific meanings as follows:

'Should' is used where a provision is preferred.

'Shall' is used where a provision is mandatory.

'Must' is used only where a provision is a statutory requirement.

'Will' is used normally in connection with an action by the organisation, rather than by a contractor or supplier.

'May' is used where alternatives are equally acceptable.

### 2.3 References and Responsibilities

#### References

References, where appropriate, are made to other relevant Standards, Practices, guidelines, procedures and documents that should be used in order to support the application of this Practice. Examples and case studies are provided to aid clarity and understanding.

#### Responsibilities

Where appropriate, roles and responsibilities to deliver any process/activities required within this Practice are clearly defined. Delivery of these responsibilities will be locally assigned.



### 3. PRACTICE ELEMENTS AND MINIMUM REQUIREMENTS

#### 3.1 Element 1: Process, Roles and Accountability

##### Intent

Senior Management and Supervisors shall actively participate in and recognize that effective contractor management is critical to the road safety ambition. Clearly identifying the roles and responsibilities for both organisations' personnel and contractors and holding them accountable for desired behaviors and performance is the first step in improving contractor performance.

##### Minimum Requirements

**1. The management process for selection, working with and retention of Contractors shall be documented, with defined accountabilities for key roles including a company contract owner who shall be identified for each contract. Appropriate training and competency assessment shall be provided to those with accountabilities for the selection and management of Contractors.**

##### Recommendations

- The local contractor management process should clearly define how the Minimum Requirements of this Practice are met, with accountabilities for process implementation defined.
- Establish safety scorecards for contractor and also the organisations' employees responsible for contractor performance.
- Senior management, from the organisation and contractor, should periodically review contractor safety and compliance performance and implement improvement plans where necessary.
- Involve Contract employees in implementing and improving the local Contractor Safety Process.
- Conduct periodic meetings between local management and contractor management with specific topics on the agenda related to road safety performance management.
- Hold joint personnel-contractor safety meetings.
- Invite contractors and employees of contractors to organisations' Road Safety trainings.
- Reinforce that all personnel and Contractors have the authority and the duty to stop or correct any unsafe activity.
- Some leading KPI's could be:
  - Number of joint organisation/contractor safety meetings or trainings.
  - Number and results of contractor audits.
  - Number of open and closed action items.
  - % of contractors with visible behavioural road safety programs.
  - % completion of open road traffic incident investigation findings.

#### 3.2 Element 2: Qualification

##### Intent

To screen potential contractors to determine if they have the necessary experience, capability and financial viability to undertake the work in a manner that meets the organisations' road safety expectations.

##### Minimum Requirements

**2. Safety capability and track record shall be used to screen contractors in prequalification, with minimum pre-determined levels achieved before being considered for inclusion in a tender list.**

##### Recommendations

- Contractor capabilities should be verified, where feasible, through audit of work in progress, observation and interviews of key personnel.
- Use a risk-based approach in Contractor qualification. For instance, Contractors who conduct high-risk tasks should have more robust programs than those doing lower risk work.
- Maintain an approved Contractor list.



### 3.3 Element 3: Tendering

#### Intent

To ensure that prospective Contractors are fully informed of the scope of work, boundary conditions and road safety requirements when preparing their bid for the contract.

#### Minimum Requirements

**3. Invitation to Tender (Request for Proposal) shall clearly define road safety requirements. Safety shall be a major differentiator in tender exercises and shall be allocated a commensurate weighting in the overall evaluation criteria, related to the level of risk.**

**4. The scope of work for execution under contract shall be clearly defined, with the boundaries of the organisations' control identified, and shall include the identification of significant potential hazards, processes and local requirements.**

#### Recommendations

- In relation to road safety, contracting strategies should address such issues as the organisation/Contractor accountabilities, roles, safety risks, degree of influence, selection processes and safety performance management processes.
- It is critical that the Invitation to Tender document include as much detail as possible regarding the road safety requirements of the job, any significant potential hazards and any other special requirements so that Contractors can account for this in their bid document.
- Avoid directly managing or directing the work of sub-contractors; that is part of the Contractor's job. The contractor should be held accountable for managing their sub-Contractors to comply with all road safety requirements.
- A decision should be made early on regarding how the Contractor will be held accountable for the management of road safety. This decision should be well thought out and should be communicated to all parties involved.



### 3.4 Element 4: Selection

#### Intent

To fairly assess the Road Safety Plans and determine if the Bid Evaluation Criteria have been met and to select the successful bidder.

#### Minimum Requirements

**5. Minimum safety requirements shall be established against which Contractors are assessed during the selection process. Selection of a Contractor that does not meet minimum safety requirements shall require formal authorization by the Resident Coordinator / Representative and include a plan to remedy identified deficiencies.**

#### Recommendations

- Use a cross-functional/business team and a scoring checklist to evaluate the bids from each contractor. If possible, back up this process with face-to-face meetings and audits of each contractor. Remember that a beautifully written plan does not necessarily reflect what happens in the field.
- Safety should be used as the tie-breaker in cases where two or more contractors score equally overall during the selection process. The contractor with the best overall safety performance and observed safety systems should be selected.
- To use a contractor that does not meet the minimum safety requirements, the remediation plan should include requirements like:
  - A corrective action plan to correct the contractor's deficiencies.
  - Increased monitoring and auditing by the organisation.
  - Clearly defined consequences/penalties for non-compliance.
  - Rewards tied to demonstrated improvement.

### 3.5 Element 5: Contracts

#### Intent

To clearly and completely define and document all of the organisations' road safety requirements and expectations either directly or by reference in the contract.

#### Minimum Requirements

**6. Contracts shall clearly define road safety requirements, including:**

- **The processes for verifying compliance.**
- **Relevant Road Safety Policies, Procedures, Practices, local rules, training, competence, Personal Protective Equipment, risk assessment, audit, and resources.**
- **A provision for the organisation to suspend or terminate work and withhold payments if the contractor fails to observe the road safety criteria spelled out in the contract or the tender documents.**

### Recommendations

- Where special road safety provisions are to be provided, the contract should clearly specify who is to pay for them.
- Key Performance Indicators (to include both inputs and outputs) and arrangements for Contractor performance review should be established prior to execution. These KPI's should be carefully considered and should:
  - Not discourage or suppress the reporting of incidents.
  - Be proactive, e.g. audits, near-miss reporting and follow-up rather than safety statistics.
  - Be culturally sensitive to the local environment.
  - Motivate personnel to change behaviours that detract from road safety performance.

### 3.6 Element 6: Mobilization

#### Intent

To confirm the road safety requirements are being communicated to all relevant personnel including the organisations' personell, contractors and sub-contractors.

#### Minimum Requirements

**7. All contractors shall receive a Road Safety Induction that clearly attests to their understanding of the organisations' expectations prior to beginning any work.**

#### Recommendations

- A kick-off or pre-job meeting should be held immediately after the contract award and before the execution of any work and should include:
  - Review of major hazards
  - Review of the main contractor's road safety plan including confirmation that accountabilities, roles and responsibilities are clearly defined and understood and that appropriately qualified personnel are assigned to those roles.
  - Confirmation of road safety KPI's, targets.
  - Review of road safety policy and procedures.
  - Confirmation of the scope and schedule of road safety activitie (meetings, trainings, audits etc.)
  - Confirmation of the road safety induction and training plans.
  - Briefing of sub-contractors on road safety requirements.
  - Incident reporting (including near misses) and investigation procedures.
- An inspection of contractor, sub-contractor and third-party supplied equipment and road safety related procedures should be conducted and should include:
  - Inspection of all equipment.
  - Communications systems.
  - Environmental protection systems if applicable.

### 3.7 Element 7: Execution

#### Intent

To confirm the work being performed is conducted according to the contract and the agreed upon Road Safety Plan and that any additional road safety needs that arise are properly addressed.

#### Minimum Requirements

**8. Contractor performance and compliance shall be measured and reviewed on a regular basis during contract execution. Remedial action shall be taken if performance drops below the defined requirements.**

#### Recommendations

Regular audits or inspections should be conducted to monitor the contractor's performance. The results should be shared with the contractor supervision.

- Develop a contractor scoreboard. If you have more than one contract company onsite, this can be a valuable improvement motivation tool.
- Conduct regular meetings involving all contractors to review performance and share information. Contractors should be actively involved in this meeting.
- A process should be implemented to confirm relevant lessons are acted upon for the current contract activities.



### 3.8 Element 8: Final Evaluation and Lessons Learned

#### Intent

To conduct periodic evaluations of the contractor's performance and to provide feedback to the contractor(s) and the organisation. To provide a basis for improving future contractor selection and performance.

#### Minimum Requirements

**9. The learning from performance reviews, investigations, and verification activities shall be documented and used in improving future contractor performance and selection.**

#### Recommendations

- Learnings should be systematically captured and subject to periodic formal review to identify system improvements for future activities.
- Contractors should be included in sharing of lessons learned as appropriate, and encouraged to share lessons from comparable activities.
- If there is a regional database for contractor performance available, you should consider using it to share your experiences with a particular contractor as well as benefit from the experiences of others.

## 4. METRICS

The following metrics are intended to provide an indication how well this Practice is embedded in the organization and also how successful it is in achieving the goal of reducing contractor related incidents.

### 4.1 Leading Indicators

% country offices with a documented Contractor Management Plan that meets the minimum requirements in this practice.

### 4.2 Performance Indicators

- % reduction of Contractor related fatalities.
- % reduction of Contractor related road safety injuries/illnesses.
- % reduction of Contractor related Vehicle Accidents