



MYPASS



**The Future of Contractor
Management in Highly
Regulated Sectors**



The global workforce is subject to the ever-evolving macro environment of today’s turbulent climate.

Entire industries have adapted to rapid fluctuations in price within key markets and heightened workforce operational demands, all within the context of a global pandemic.

Industry professionals are also responding to significant pressure to achieve more with less, with low cost operating environments that don’t sacrifice safety performance or production representing the new norm. The necessity for fast-decision making is supported by the emergence of modern, cloud-based technologies that offer assurances through advanced, real-time datasets.

Industry is rapidly moving towards a new standard for contractor management. Are you ready?

Defining Contractor Management

Contractor management is the process of sourcing, onboarding and engaging workers on a contract basis to complement an existing workforce to deliver company goals and objectives. It is the function of hiring specialised expertise that is not continuously or routinely required, supplementing company resources during periods of high demand, and providing additional capacity without the overheads associated with in-house employees.

There are several models that businesses use to engage contractors, including:

- Individuals that are embedded within the team
- Baseload support - an ongoing engagement to fill a specific need such as contract maintenance or catering
- Top-up support for temporary projects, shutdowns or turnarounds





Contingent Workers are Here to Stay

In many sectors, workforce demands continuously fluctuate throughout the year. In response, businesses must be agile and dynamic to ramp up and down as required. Many organisations structure their workforce by finding the optimal combination of internal resources and contingent labour. Hiring in-house specialist expertise for intermittent projects such as turbine overhauls or industrial cleaning is not always financially viable. In such cases, recruiting contractors is more cost effective, particularly if the organisation is not able to achieve 100% utilisation with their own internal crews.

The Risks of Inapt Staffing

Safety

One downside of hiring contingent workers can be the increased risk of serious safety incidents. The uncomfortable fact that contracted workforces represent the majority of on-site accidents for most companies is a multifaceted issue, not exclusive to:

- Contract workers are less familiar with new projects and sites, heightening the risk of injury or accident
- Not feeling part of the team can cause contractors to feel less confident to speak out about safety concerns or dangers
- Compared to in-house staff, temporary workers often receive less training and communications
- As contractors are not a regular component of the workforce, it can be a challenge to maintain visibility over skills and competency data

Financial

For some high-output facilities, the cost of over-runs can be \$1m/hr. in lost revenue when production is halted. The result of a shutdown or turnaround over-running by a few hours because it is not finished in time, or requires rework due to poor workmanship can be extremely costly.

The future of workforce management relies on dynamic digital solutions to support the perpetual challenge of ensuring every site and project is adequately staffed with reliable, qualified individuals.

Our White Paper is for:



HEALTH & SAFETY PROFESSIONALS



SENIOR OPERATIONAL OFFICERS



CONTRACT & PROCUREMENT MANAGERS

1. Who are accountable for the safe delivery of work across their facilities
2. Representing operational facilities (Asset Owners, Operators) who are accountable for bottom line results (safety, production, cost, environment) whilst delivering value to shareholders
3. Who are seeking true win-win outcomes with their contracting partners

You'll Learn:

1 The four pillars of cost reduction and delivery assurance

2 The trends that are shaping the future of contractor management

3 How your current approach could be costing you money

The Four Pillars of Achieving Cost Reduction and Delivery Assurance

Establishing the Current State

To what extent is it practical to engage contracted labour for your type of operation or facility? There is no one-size-fits-all model. It depends upon:

- The availability of suitably skilled individuals who can be retained on a full-time basis
- The geographical location of available workforce e.g. regional capability of remote operations vs. metropolitan areas. Additional challenges have been created by the travel restrictions in place to combat the COVID-19 crisis
- Whether your work plans are consistent and steady or fluctuate during periods of high demand. Is it possible to achieve high labour utilisation across multiple work fronts, or must you supplement your permanent workforce to satisfy peaks?
- Whether your existing Employment Agreements offer the flexibility required to deliver your company objectives.





Asset Management Strategy

The asset management strategy is the overall implementation and documentation of asset management plans, processes & procedures. Objectives should run in alignment with worker engagement strategy to consider:

- The desired level of control and ownership over core systems and processes
- Whether your organisation has highly automated plants and equipment, managed remotely without significant labour dependency
- Warranty periods on equipment that others need to service
- The efficiency of keeping IP such as proprietary processes in-house, as opposed to using external IP capability e.g. mill relining or turbine overhauls in the context of a resources company

Leading organisations are now prioritising the execution of tailored, evidence-based Asset Management and Engagement strategies to reap long-term cost and value benefits. These should be designed upon an organisational goal of receiving the optimal performance output from every worker, specific to the company's unique characteristics and challenges. It all starts with visionary leadership and a willingness to engage openly and honestly with your contracting partner.

Some examples of productive behaviours and mindsets are shown below:

YOUR COMPANY

- ✓ Visionary leadership
- ✓ Willing to consider value not (just) cost
- ✓ View maintenance as an input to bigger outcomes
- ✓ Scope if service based on designed outcomes
- ✓ Willing to share some 'core' functions with contractor
- ✓ Service provider selection based on desired outcomes
- ✓ Contractor profit linked to achievement of outcome

CONTRACTING PARTNER

- ✓ Reliable in the basics (safety, resourcing, trade skills)
- ✓ Behave in the short-term as if it were the long-term
- ✓ Encourage client to offer more responsibility
- ✓ Seek more responsibility then deliver
- ✓ Cultivate positive relationships in shared 'core' functions
- ✓ Develop real capability in asset management / RCM etc.
- ✓ Willing to open books & link profit to client outcomes



Risk Appetite and Contract Worker Selection

On determining that work requirements will be allocated to both internal and contract workers, it is critical that a ‘hands-on approach’ to selecting individuals with the right skills and competencies is applied. The aforementioned implications of hiring contingent workers affirm that maintaining a culture of safety for all staff should be a central focus.

NEW LEGISLATION TO CONSIDER

It is not uncommon for employers to engage contractors on the basis of avoiding the expensive overheads associated with permanent staff. To deter this exploitative practice, new employment legislation mandates that contractors who are embedded into an organisation’s workforce model for prolonged periods (typically over 6 months) are now eligible for the same entitlements, such as annual leave, as permanent staff. **Companies need to avoid the surprise of paying contractors a casual loading, and then still being eligible for paying permanent entitlements.**

TRANSPARENCY

With ever-increasing health and safety regulations, companies are moving beyond simply trusting that contract workers are trained and competent. New PCBU (person conducting a business or undertaking) legislation means that it is no longer an option to operate ‘at arm’s length’.

The visibility of both internal and external workforce skills and competencies is essential for guaranteeing transparency and accountability.



PROTECTING WORKPLACE CULTURE

Collaboration, heightened productivity, retention and performance are just a few of the benefits of a positive work environment, so hiring with culture in mind is critical for an efficient and sustainable workforce. We observe that large organisations often ‘miss a trick’ in failing to avoid an ‘us and them’ culture when it comes to how temporary staff fit into the workplace hierarchy. There are significant benefits that arise from contract workers feeling connected and engaged on site.

INCENTIVES AND REMUNERATION

“Power by the hour” does not incentivise contract workers to work at pace to finish the job quicker, as this will be reflected in their remuneration. Ensuring goals and incentives are aligned is imperative for employer and employee to share the benefits of improved productivity. This is easier said than done and requires a mature contract partner relationship.

Technology Enablers

To support the identified nuances of contractor management, technology must be able to effectively track, monitor and facilitate engagement with external specialist workers. It can be a challenge to get the full benefit from implementing new software, particularly when there's push back from internal teams afraid of perceived change and upheaval.

To maximise processes and communication, we believe in finding the ideal combination of mandated in-house ERP systems, third-party point solutions (like gate access and Health & Safety software) and industry platforms (such as MyPass). Finding the optimum combination will inevitably reduce manual administrative keying, increase transparency and create a seamless engagement experience.

A word of caution - whilst it can be tempting for companies to build technology solutions in house, the total cost of ownership (upfront cost, ongoing maintenance) and overall return on investment is often not fully considered. Most successful technology companies need to amortise their ongoing R&D and servicing costs across hundreds (or thousands) of clients in order to justify the investment. The configuration and integration of external systems to suit your business processes is strongly recommended, however it is worth having an honest internal discussion on whether investing in the development of new software makes good business sense.



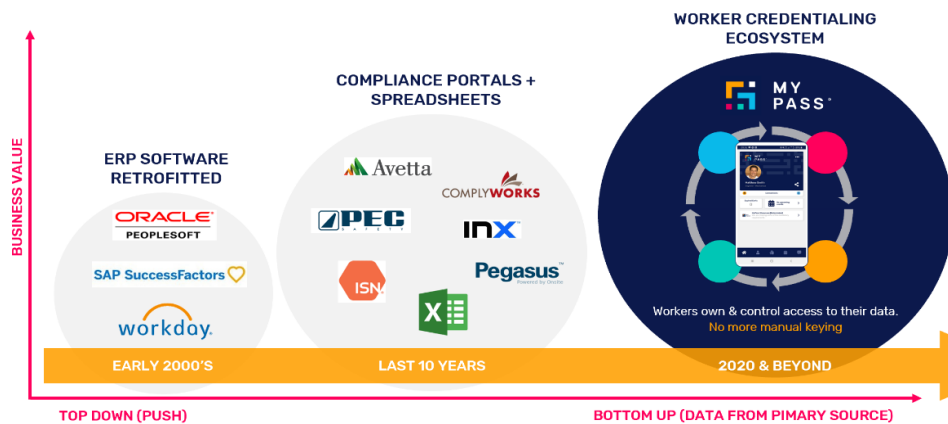
Contractor Management Trends you Should be Aware of:

Cloud-Based is a Must

To maintain relevance in today’s competitive environment, companies are increasingly inclined to adopt digital, cloud-based technologies that deliver efficiencies and real-time data visibility. Factors to consider:

- Shorter decision and implementation timeframes require rapid, informed action
- Change management risks and the need to keep up with the evolution of technology e.g. operating systems and security patches to continuously update
- Cyber security and information security threats are increasingly sophisticated
- Customised ERP systems or standalone compliance portals have definitely served a purpose over the past 10-20 years. However, looking towards the future, “worker empowered” ecosystems (like MyPass) can easily interface with your existing enterprise architecture and reduce manual keying.

MyPass has created a [new category](#) for workforce compliance technology



Risk Mitigation

Under the Work Health and Safety Act, risk and accountability are placed with Asset Owners, Operators or PCBU (person conducting a business or undertaking). They are responsible for ensuring every person on-site is safe, trained and competent to perform their tasks and this applies to the permanent workforce and contractors alike.

In addition, the proposed introduction of **Industrial Manslaughter legislation in Western Australia** seeks to ensure that culpable employers are held responsible for workers deaths. The adoption of this Bill would serve to elevate considerations of workplace safety to be of core industry concern.

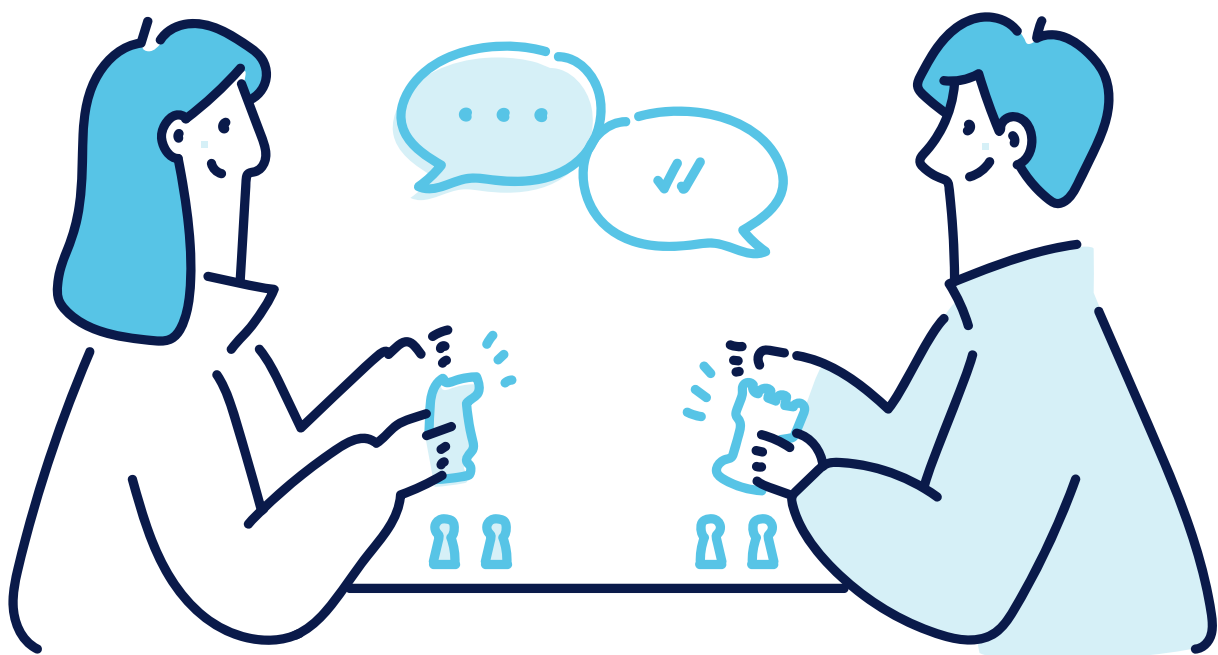
Data Privacy

Following the reports of privacy and data breaches in both the public and private spheres, digitally savvy individuals are now more discerning around data ownership and protection. People want to own and control their personal information, and allocate permission only to those they trust. The digital age has also solidified the expectation for convenience and immediate mobile access. If you're maintaining personal data on behalf of individuals, then expect the administration burden of regular re-permissioning and manual updates in order to keep your personal data current. The standards expected by GDPR legislation reinforce the expectation of 'individually owned and controlled data', and is likely to filter across into all western economies over time.

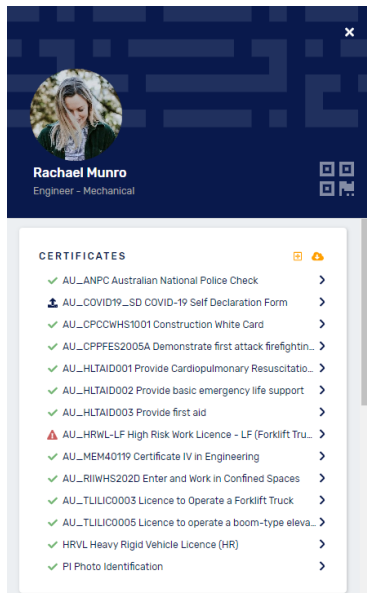
Required Workforce Skills and Competencies are Changing

To adhere to increasing health and safety regulations, the skills and competency requirements of today's workforce are evolving.

- Micro-credentialing is an emerging means of certifying the attainment of short, more specific elements of learning
- Workers are increasingly required to complete additional training in order to perform their primary tasks e.g. Working at Heights, Confined Space Rescue
- Digital, automation and programming skills are also often required in addition to traditional trade qualifications
- Task-based assessments and verification of competency tests are now commonplace to determine whether prospective employees are adequately trained



The graphic below shows the components of a worker’s skill profile and the training and certification categories applicable within highly regulated industries.



An example of the average SME is based on 200 workers, each with around 15 certifications to maintain and routinely renew. This would present a significant administrative burden for an organisation to manage these of 3000 training elements.

Gig Economy

In the Resources sector, **the gig economy** has been a long established part of the employment mix with companies regularly seeking short-term contractors for shutdowns and turnarounds. However, as the global workforce shifts towards a more flexible structure, we have more independent contractors seeking to choose when and on what terms they engage with companies. The result of this is a more transient, yet highly skilled workforce which raises the challenge of tracking and proactively engaging with individuals, particularly with border restrictions and a lack of access to international experts. Factors to consider: include:

The supply of skilled labour doesn't meet the demand

Workers are currently leaving the Resources sector at the same pace as during the Global Financial Crisis (GFC). The scarcity in supply of qualified labour conflicts with the increased demand to service the large infrastructure projects part of new Government stimulus initiatives. Many companies with deferred projects due to COVID-19 are now ready to begin work, but are experiencing high competition for skilled labour, or challenges in mobilising workers across state borders.

The role of the employer in maintaining a high level of engagement with all workers

The adoption of collaborative work practices and strategies to achieve an industry standard could greatly enhance the experience and safety of all staff.

QUESTIONS TO ASK YOURSELF:

? Are your key business systems cloud-based?

? Are worker and contractor qualifications, licenses and training courses easily accessible?

? Does your company treat personally identifiable information in accordance with Privacy Legislation?

? Can your company handle multiple online and offline skills/ accreditations/ inductions within a single worker profile?

? Can workers easily communicate and engage with your company through an integrated communications platform?



Your Current Approach Could be Costing Money and Leaving you and/or your Company Exposed:

Spreadsheets and Manual Processing are Not Effective for Managing Safety-Critical Data

Today, many of the companies we encounter still have information gaps, created from using standalone software platforms, stitched together with Excel spreadsheets to manage safety-critical worker data. One of our recent studies found that the current state process for sourcing and mobilising a new worker to site consisted of 117 process steps, versus what was thought to be 30 process steps. A staggering 40% of these process steps involved manually updating spreadsheets, which can be totally eliminated with an inter-connected contractor management platform that all key stakeholders can access.



Technology Won't Fix your Broken Processes

"The first rule of technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency."

- Bill Gates

Technology should be an enabler of an already optimised process.

Evaluating your existing processes to map out all non-value adding steps is vital to comprehend your current state.

We recommend you don't forgo the information flow-mapping stage ahead of integrating new technologies. Without full visibility of your processes, you cannot uncover unnecessary or hidden steps, or start an informed journey towards eliminating or fixing them. Only once you fully understand the current process, and have streamlined this process, can you look for a technology solution (or solutions) to meet your requirements.

Adopting a holistic approach to identifying organisational processes will also assist with activity-based costing by providing a more accurate evaluation of where the non-value-adding steps take place.

SELF ASSESSMENT

Contractor Management is Changing. Are you Looking Beyond Traditional Approaches?

Engaged and aligned contractors can make a huge difference to your on-site safety performance, productivity, production output and overall cost reduction objectives. But are you looking beyond a traditional approach to ensure your company's success?

If you answer **no** to any of these questions, we suggest adopting a contractor management solution that elevates the performance of your workforce:

- All workers (direct staff, contractors, temporary staff) have access to their digital profile, training and credentials and can self-maintain their data
- We can easily communicate with all workers on site, offer access to our company support programs, and obtain real-time feedback through pulse surveys
- A worker's journey of being on-boarded and mobilised through our contracting partners is a seamless and positive experience
- Our expectations of what "100% compliant" means for the roles/positions that we request is clear and transparent to our contracting partners

Process Streamlining, Industry Standardisation and Collaboration

Contractor management solutions, like MyPass, have a key role to play in supporting industry best practice. MyPass has one mission: to empower safe, agile and connected communities. With that in mind, MyPass was built to streamline workforce and compliance management by connecting workers, employers, sites and training providers in one online hub. It is centred around a secure 'single source of truth' of worker owned and controlled information. Workers maintain their personal data, work history, training and qualifications in their digital work passport and can share their passport with business partners in the MyPass network. MyPass independently verifies worker information and documents, reducing risk for its clients, but also creating a significant cost reduction from the removal of manual data entry into spreadsheets and legacy systems.

The right contractor management solution is quick to deploy, can integrate with other systems, and facilitates business growth. The outputs are **reduced risk and cost** associated with managing site-based workers and the provision of clear, real-time data insights.

By embracing industry standardisation, you can take advantage of the movement towards collaboration and data sharing between a much broader eco-system. This way, your organisation can be both operationally competitive, and internationally competitive.

About MyPass Global

MyPass Global is a digital workforce management system, designed to streamline safety and compliance in heavily-regulated industries. Founded in 2013 by Matt Smith, MyPass addresses a universal problem - workforce compliance tracking - that can lead to injuries and fatalities when poorly managed.

MyPass' award-winning technology empowers workers to manage their own data, stored in a cloud-based, digital work passport. Worker qualifications and training certifications are verified by MyPass, ensuring each worker has the right skills, for the right job. For employers, it provides peace of mind, enabling them to onboard permanent and contract workers, manage compliance and reduce associated cost and risk. For sectors such as Energy & Resources, Utilities, Aged Care and Volunteering, MyPass is rapidly becoming the industry standard by connecting the entire supply chain, reducing costs by up to 70% and delivering highly-skilled, qualified workers to create safer work environments.

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