

GUIDE



CONTRACTOR SELECTION AND MANAGEMENT IN TIMES OF LABOUR SHORTAGE

Connect to contractors who take
a hard line on safety

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cognibox.com

 **Alcumus**[®]
Safer, Healthier, Stronger

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A GROWING NEED TO ACCESS CREDIBLE, SAFE, AND COMPLIANT CONTRACTORS

Living in a turbulent time has become the 'new normal' and the aftermath of Covid-19, has left a lasting imprint on the workforce in many industries. The pandemic accelerated an already steady shift of contractors leaving the labour market, leaving a significant shortage of skill and labour. This is largely due to workers retiring or changing careers that offer higher salaries, Generation Z lifestyle and career choices, the desire to have work-life balance and evolving age demographics.

For organizations, it has become increasingly difficult to source and establish long-term partnerships with contractors in the supply chain. This has led to safety and procurement teams adopting a reactive, 'quick fix' contractor management approach, just to get the job completed. This leads to increased challenges and business risk, such as:

- Costly and time intensive internal pre-qualification processes
- Regulatory non-compliance leading to reputational damage
- Increased risk of safety accidents and incidents

Just as workloads are ramping back up after three years of disruption, organizations are not able to find the right people with the necessary skills to carry out essential work needed to keep their business running, and the problem is more acute now than ever before.

The shortage of skilled labour and qualified contractors means that for hiring client organizations, there is a growing need to make sure they can access credible, safe, and compliant contractors.

To demonstrate due diligence and compliance and to ensure business continuity, organizations need to implement a robust and strategic approach to contractor management as an enabler for growth.



“

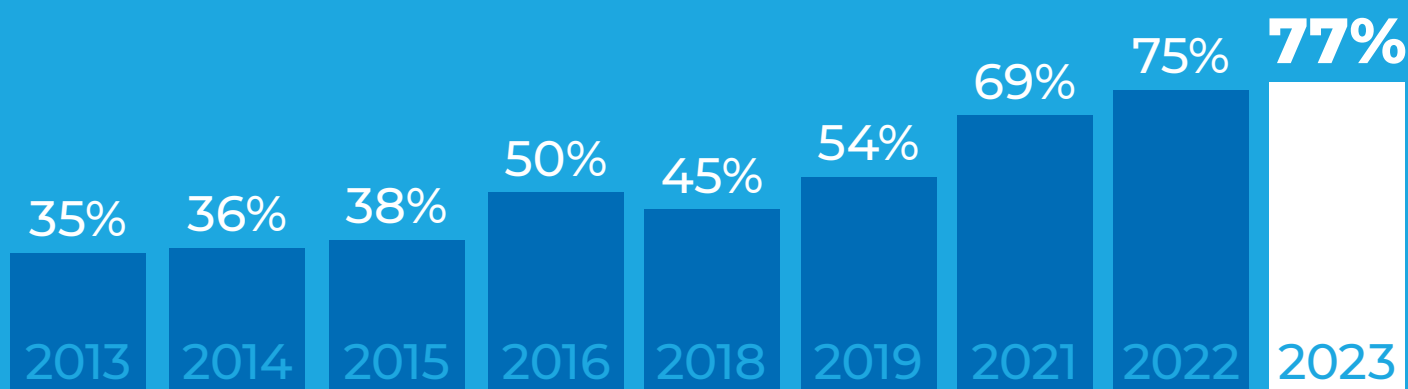
With labour shortage at an all-time high, organizations cannot afford to cut corners when it comes to the contractors they work with. While there is no 'quick fix' to resolve the current situation, it's essential for businesses to think and act strategically when it comes to sourcing and managing contractors. Having clear oversight and putting in place effective mechanisms will be key to source and onboard credible and compliant contractors and avoid non-compliance.

GEMMA ARCHIBALD

” CEO, Alcumus Supply Chain Division

In our new guide, we look at some of the key aspects that are driving organizations to improve contractor management strategies and establish better working relationships, giving you the knowledge and confidence that your business and the people you work with are well placed to mitigate risks wherever possible.

77% OF EMPLOYERS REPORT DIFFICULTY IN FILLING ROLES – A 17-YEAR HIGH



(TALENT SHORTAGE SURVEY 2023)

SKILLS GAP, LABOUR SHORTAGE AND THE IMPACT OF THIS CHALLENGE

The threat of skill shortage is not a new one. For years, industries such as healthcare, hospitality, logistics and construction have struggled to recruit the right talent, and it has only become worse since the pandemic. The most common reason for businesses finding vacancies more difficult to fill were a low number of applications and a lack of qualified applicants.

For example, the construction industry in Canada is struggling to source contractors to help meet the phenomenal demand for house building. There's a need for over 100,000 new skilled contractors and an average job vacancy rate of 6.6%, which is significantly higher than average, with manufacturing and mining at 4%.

THIS CHALLENGE HAS LED TO:

1

BUSINESS INEFFICIENCIES

- Loss of revenue and project management delays
- Increased costs of hiring last minute contractors
- Disconnected internal communication

2

REGULATORY NON-COMPLIANCE

- Increased exposure to fines
- Impacting reputational damage
- Stunted business growth and investor opportunities

3

QUALITY AND COMPETENCY

- Increased risk of incidents and accidents
- Cutting corners on quality to get the job done
- Working with contractors with the wrong skill set

HOW TO OVERCOME LABOUR SHORTAGE AND CREATE POSITIVE OUTCOMES

Canada's economy lost nearly \$13 billion due to labour shortage in 2022
(Global News, 2022)

\$13
BILLION



The Canadian government has set immigration targets of making 465,000 permanent residents in 2023, in comparison to 447,005 in 2022

To solve the ongoing people and skill shortage crisis, safety and procurement teams will be required to re-think and adapt their approach. Organizations can't keep 'plugging the gaps' and regardless of sector, at the core is the need to hire contractors who have the right skills and are safe and compliant to do the job.

For organizations who rely on contractors, the key to achieving this is to establish strong working relationships with existing contractors, and implement a robust sourcing and qualification strategy for new partnerships. This will help to safeguard against short-term and long-term risk and give organizations better control of their business performance. At its simplest, it's about quality control.

3 KEY QUESTIONS:

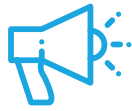


From sourcing, procuring, and contracting through to the ongoing management of contractors, businesses will need to:



Build mutually beneficial, long-term relationships with current and new contractors

01



Have clear communication with contractors on the scope of projects and what's expected of them

02



Establish common standards and expectations of safety, pre-qualification, and capabilities

03



Gain ongoing visibility and control of contractor performance and risk management

04



Create internal streamlined processes of sourcing and on-boarding contractors between procurement, safety, and supply chain functions

05

In doing so, this will help organizations to create positive outcomes that:



Ensures business continuity in times of labour shortage



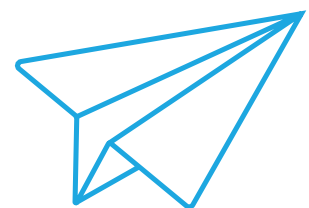
Manages risk and compliance – fines, safety incidents, brand reputation etc



Reduces admin burden and drives internal productivity and business efficiencies



Establishes a scalable and adaptable risk management strategy



PRE-QUALIFICATION AT THE CORE OF CONTRACTOR SAFETY MANAGEMENT

To make sure that your organization only works with credible and compliant contractors, the foundation for effective risk management starts with pre-qualification.

Consistently monitoring contractor risk is a continual process to prevent costly disruptions or weaknesses in the supply chain and ultimately, your business. That means routinely monitoring and auditing the health and safety policies and procedures, and regularly assessing capabilities.

CONTINUOUS CONTRACTOR PERFORMANCE CHECKS:



14 CRITICAL AREAS OF PRE-QUALIFICATION

THINGS TO CONSIDER:

- 1 Do you have processes in place that allow you to routinely monitor compliance and performance against pre-qualification areas?
- 2 Do you apply these standards across all tiers of contractors, not just tier one?
- 3 Is there regular compliance tracking of contractor's policies, processes and performance against your own expectations?
- 4 Have your expectations, policies and compliance standards been adequately communicated to your contractors?
- 5 Do you have an aligned and streamlined approach to contractor management across your internal teams?

CONTROL AND VISIBILITY ACROSS 14 CRITICAL AREAS:



THE BENEFITS OF DIGITIZING CONTRACTOR MANAGEMENT

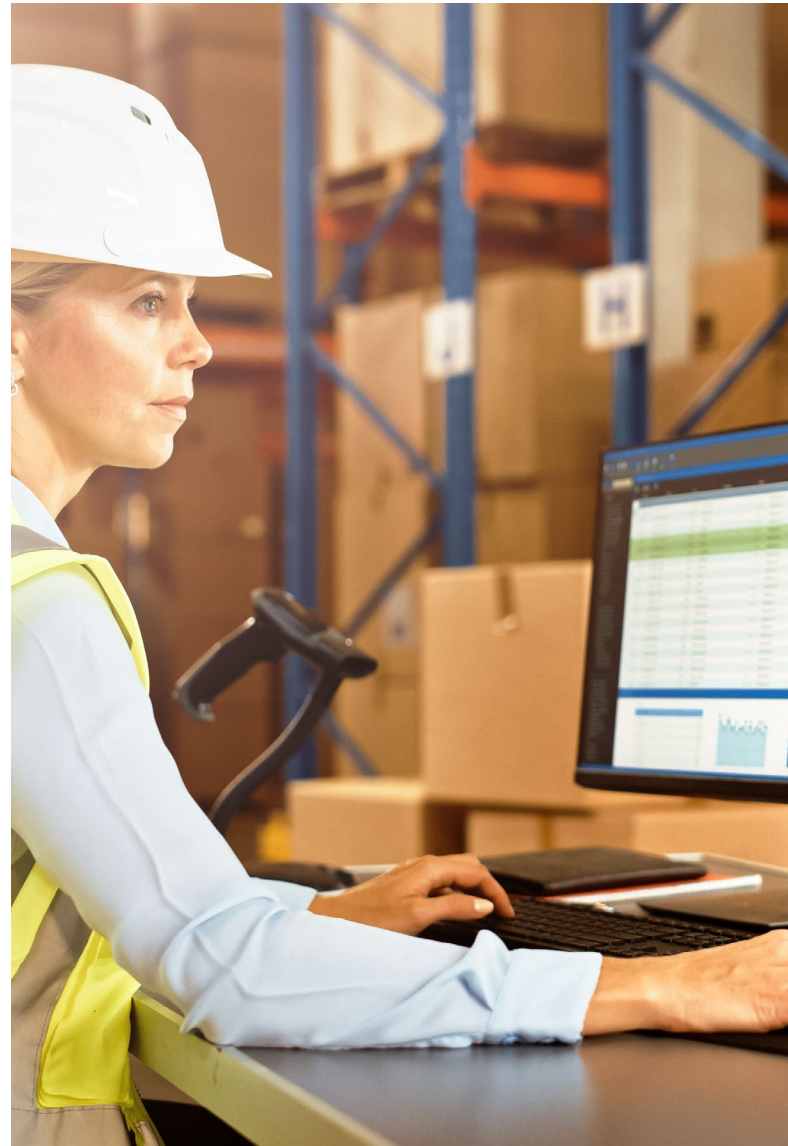
Tech-driven data and data visibility are key to understanding the true risk profile of your contractor network. Investment in technology to remove the manual process of pre-qualification allows businesses to anticipate disruptions and identify risks before they occur, understand impacts, and make quick decisions to limit ongoing volatile business conditions.

Organizations that embrace technological innovation are much better placed to evolve faster and prepare for future challenges, recognising that data visibility is key, helping to meet goals such as:

- ✓ Compliance and due diligence with relevant regulations
- ✓ Accessing live and accurate data to make better, more informed decisions
- ✓ Establish a company culture that is centered around safety, communication and doing the right thing
- ✓ Removing inefficient and costly internal processes
- ✓ Boost credibility and manage reputational risk

64% of organizations are increasing investment in supply chain technology

40% of organizations are piloting new technologies to prepare for disruption in the next 10 years
(2022 MHI Deloitte Annual Industry Report)



“ Supply chains are becoming more and more a technology-driven industry. While firms have not adopted some technologies as quickly as they thought they would back in 2014 or 2015, what we are seeing now is a big jump in these investments. ”

Thomas Boykin,
Deloitte Consulting LLP

HELPING ORGANIZATIONS TO ESTABLISH A NETWORK OF CREDIBLE, SAFE AND COMPLIANT CONTRACTORS

ALCUMUS HELPS ORGANIZATIONS TO:



Gain one consolidated view of contractor data



Standardize contractor management and achieve business continuity



Create and maintain a network of responsible contractors



Achieve internal operational and cost efficiencies



Adapt faster to changes in business requirements



Demonstrate they are a responsible business who cares about people, communities and the planet



“ Our market-leading capabilities, technology, people, and expertise provide an end-to-end contractor management solution that allows hiring clients and contractors to connect with ease. ”

Denis Sanchez,
VP of Strategy at Alcumus

WHY ALCUMUS?

Join us as we create the safest, most ethical global network of responsible buyers and suppliers for a better working world



IN-HOUSE TEAM OF CANADIAN CERTIFIED INDUSTRY EXPERTS

who help you gather your contractor documentation and examine the quality and validity of the information



REAL TIME DATA

Instant visibility of the compliance profile of your contractor network and intuitive reporting to share with your board



GLOBAL REACH

50,000 approved contractors globally, with a local Canadian experience



INTEGRATED CONTRACTOR MANAGEMENT

covering pre-qualification, site access, permit to work, learning and training management, and performance evaluation

“ **Alcumus achieved the highest score in Contractor Safety Management.** This is representative of the vast investment Alcumus has made to broaden its contractor management offering, principally through the acquisition of contractor management and supply chain risk management software vendor Cognibox. ”

Bill Pennington, EHS Research Director, Verdantix

GUIDE

ABOUT ALCUMUS

Alcumus is a leading provider of technology-led risk management solutions providing clients with advice, expertise and support to help them identify and mitigate risks, navigate compliance and keep people safe. It supports clients with a wide range of supply chain risk management solutions.

Alcumus connects verified suppliers and contractors in a two-way commitment to ethical best practice and sustainable business growth. This allows businesses to get robust, accurate and verified information so you can make informed decisions about your suppliers and contractors across your entire supply chain ecosystem.

Alcumus puts people at the heart of its business, building strong relationships with clients to understand their needs, minimize risks and navigate compliance through our in-depth knowledge of your sector, regulations, and challenges.

To find out how our technology, people and expertise anticipate, manage and mitigate risks to protect people, organizations and our planet, you can contact using the details below.