

A circular graphic with a teal background and light blue arrows forming a clockwise cycle. Inside the cycle are various icons: an airplane at the top, a yellow price tag with a dollar sign and a red star location pin to its right, a red shopping bag to the right, a black and white cargo ship on the left, a yellow hand truck with boxes in the bottom left, a stopwatch in the bottom center, and a red and white delivery truck in the bottom right. A large red speech bubble is on the left, and a white speech bubble is on the right.

Supply Chains and Sustainability

Managing Contractor and Subcontractor Risk

sponsored by



Avetta

EHS Daily Advisor



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Contents

A Message From Our Sponsor	4
Supply Chain and Sustainability Survey Results.....	5
Number of Contractors Employed	6
Citations and Fines.....	7
Skipping the Contractor Audit	8
How Are Contractors Audited?.....	9
Contractors' Performance Under Audit	11
Audit Consequences.....	12
Survey Firmographics	13
Complete Survey Data Tables	15
Survey Methodology	23



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Avetta delivers a SaaS-based platform that mitigates the unseen risks of outsourcing, fostering sustainable growth throughout the supply chain. Through a proven vetting and evaluation process, Avetta is able to create dependable connections between clients, suppliers and contractors. For we believe industry and commerce are built on trust. When you believe in the people you work with, amazing things transpire. Industries grow. New technologies are born. And progress becomes inevitable.



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Supply Chain and Sustainability Survey Results

Our Supply Chain and Sustainability Survey sponsored by Avetta[®] was launched in mid-April 2017, and by the time the survey closed about one month later, 379 environmental, health, and safety (EHS) professionals had shared their insights into how their companies are managing the safety risks that naturally occur in supply chains.

We would like to extend our thanks to all of the professionals who chose to participate in the survey, and also a big thank you to our readers for their interest in making their workplaces safer for all employees, contractors, and subcontractors.

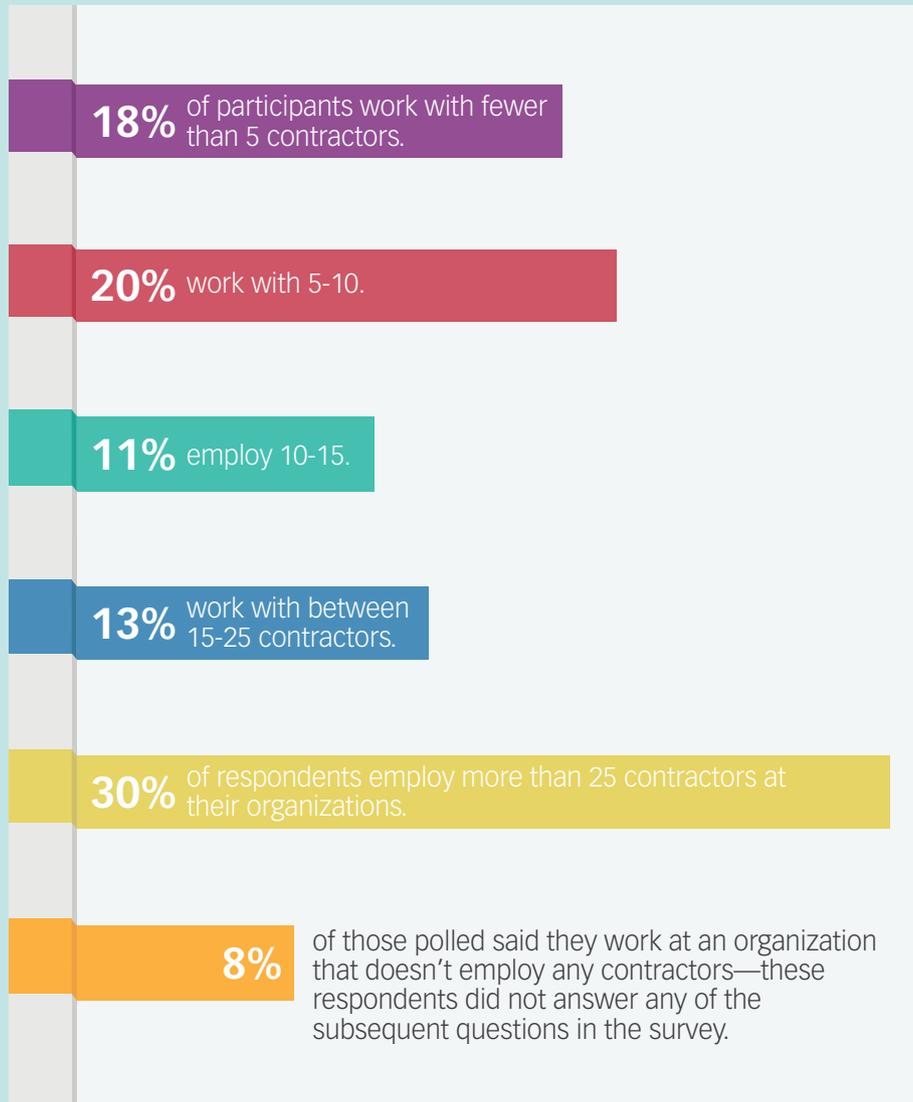
Let's turn the page and see what our respondents had to say!

Avetta and the *EHS Daily Advisor* Research Team

Note: All percentages in the following results section have been rounded to the nearest whole percent. Detailed raw data from the survey's questions are available in the "Complete Survey Data Tables" section of the report beginning on page 15.

Number of Contractors Employed

For our first question, we wanted to know just how many suppliers (including subcontractors) our respondents work with. Their answers ranged from just a handful to more than 25.



Citations and Fines

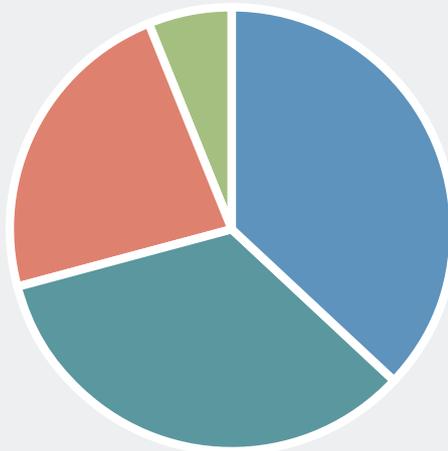
4%

of survey takers work at a company that has been cited by a safety regulatory agency *in the past year* because of the actions of a contractor or subcontractor.

However...

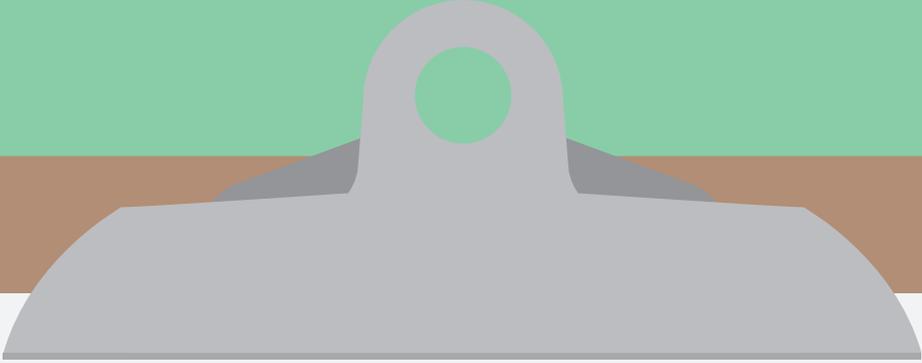
12%

said that their company has been cited or fined *at some point* because of the actions of a contractor or subcontractor.



When asked how thoroughly their organizations vet new contractors or audit current contractors regarding matters of safety compliance, records, and best practices, survey participants had a variety of responses:

- 37%** of those polled vet or audit their contractors "very thoroughly."
- 34%** do a "somewhat" thorough job in vetting contractors.
- 23%** perform only minimal vetting and reviewing.
- 6%** do not vet or audit their contractors for safety compliance at all.



Skipping the Contractor Audit

We next wondered why some of our participants chose to skip the process of auditing contractors. They chose multiple reasons, but the top answer was that it had simply never crossed their minds to perform these audits. Here are detailed results:



"We simply have never considered it before": **69%**



"Administrative difficulty or high complexity in completing the assessments": **31%**



"We trust our contractors implicitly" or "We feel that the burden of responsibility will not fall on our company": **both 19%**



"Time constraints," "It isn't required of us by law," or "Lack of information available about the contractor": **all 13%**



"Budget constraints": **6%**

One respondent who selected "Other" noted: "It's on our list of things to get completed this year."

Whatever their reason for not auditing contractors, the majority of this group of participants still performs internal safety audits. **71%** of those polled conduct regular audits in-house, but do not audit their contractors.

How Are Contractors Audited?

Turning our focus back to those respondents who do perform audits, we wanted to know how they went about it. Here are the steps taken by our response pool in auditing or vetting the safety performance of their contractors:



How Are Contractors Audited?

We next asked by what method(s) survey participants perform contractor safety audits.



conduct formal, in-person meetings.



hold a phone call or teleconference meeting.



request applicable information and records from the contractor (either mail or e-mail communication).

When it comes to how frequently respondents perform *full* audits of contractors that work for their organizations:

- **31%** perform them at the company's discretion as host employer.
- **28%** audit contractors upon the start or renewal of a contract.
- **17%** perform audits annually.
- **13%** never perform full audits at all.



Contractors' Performance Under Audit

During their most recent audit of contractors, when it came to **written safety manuals, policies, and/or procedures**:

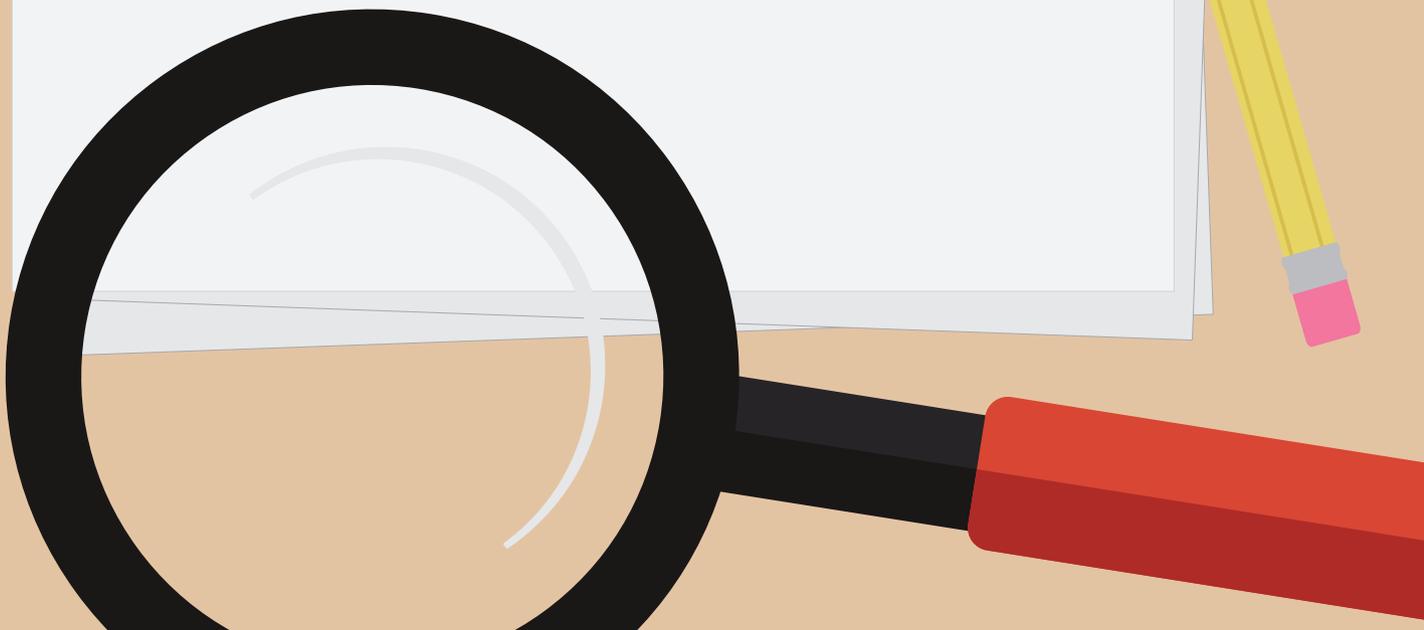
- **72%** of respondents found the materials to be adequate.
- **17%** determined their contractors' materials were exceptional.
- **6%** found the materials to be substandard.
- **6%** revealed the materials to be incomplete or nonexistent.

When it came to **insurance coverage** among audited contractors:

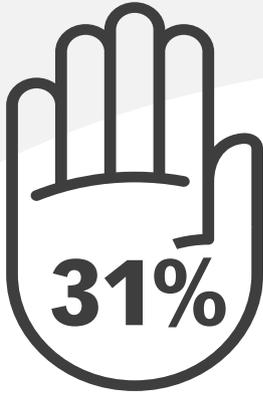
- **94%** of participants determined coverage was adequate.
- **5%** determined coverage was below their required standards.
- **1%** discovered that coverage was nonexistent.

And, finally, when it came to audited **safety training materials and procedures**:

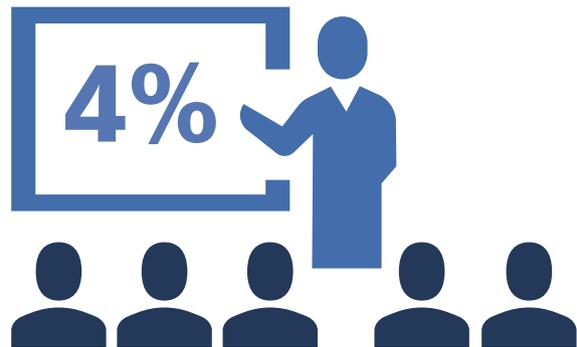
- **72%** of respondents found contractors' training programs to be adequate.
- **15%** determined the training programs were exceptional.
- **9%** found training programs to be substandard.
- **5%** could find no proof that training had even been conducted.



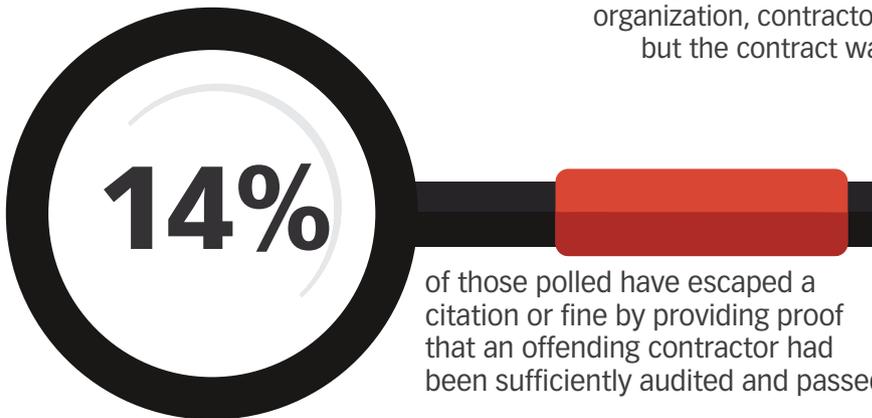
Audit Consequences



of survey respondents have terminated a contract because of the contractor's failure to pass a safety audit or inspection, while 38% have not.



of participants admitted that at their organization, contractors have failed audits... but the contract was not terminated.



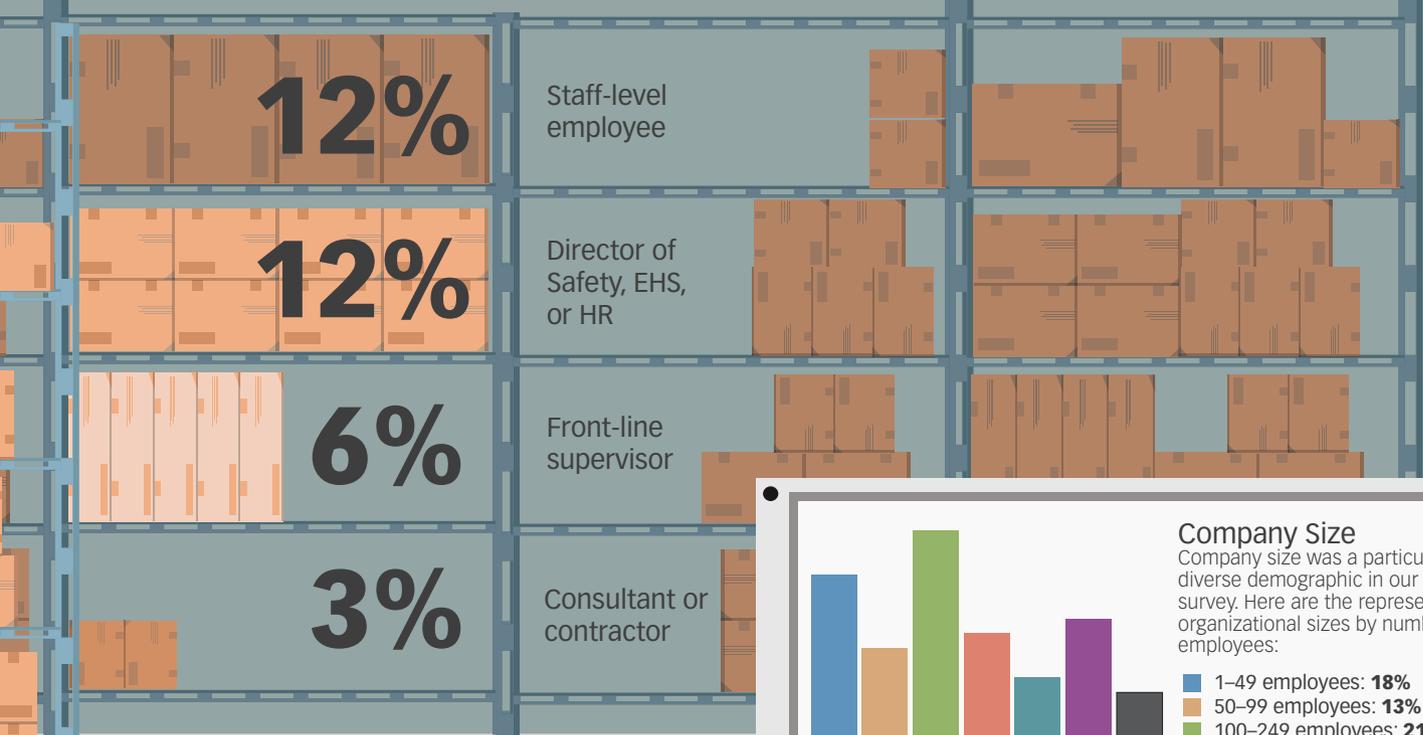
of those polled have escaped a citation or fine by providing proof that an offending contractor had been sufficiently audited and passed.

Survey Firmographics

The 379 participants in the Supply Chain and Sustainability Survey come from a wide variety of job positions, industries, and company sizes. Here are some of the facts about the folks in the response pool.

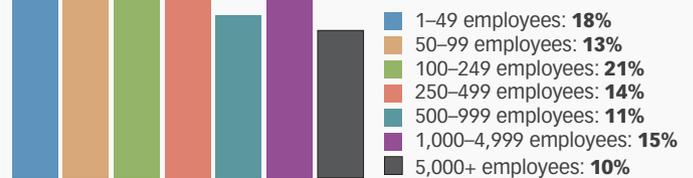
Job Title

Over one-half of respondents (**55%**) characterized their job title as "Safety or EHS manager." Some of the other roles represented included:



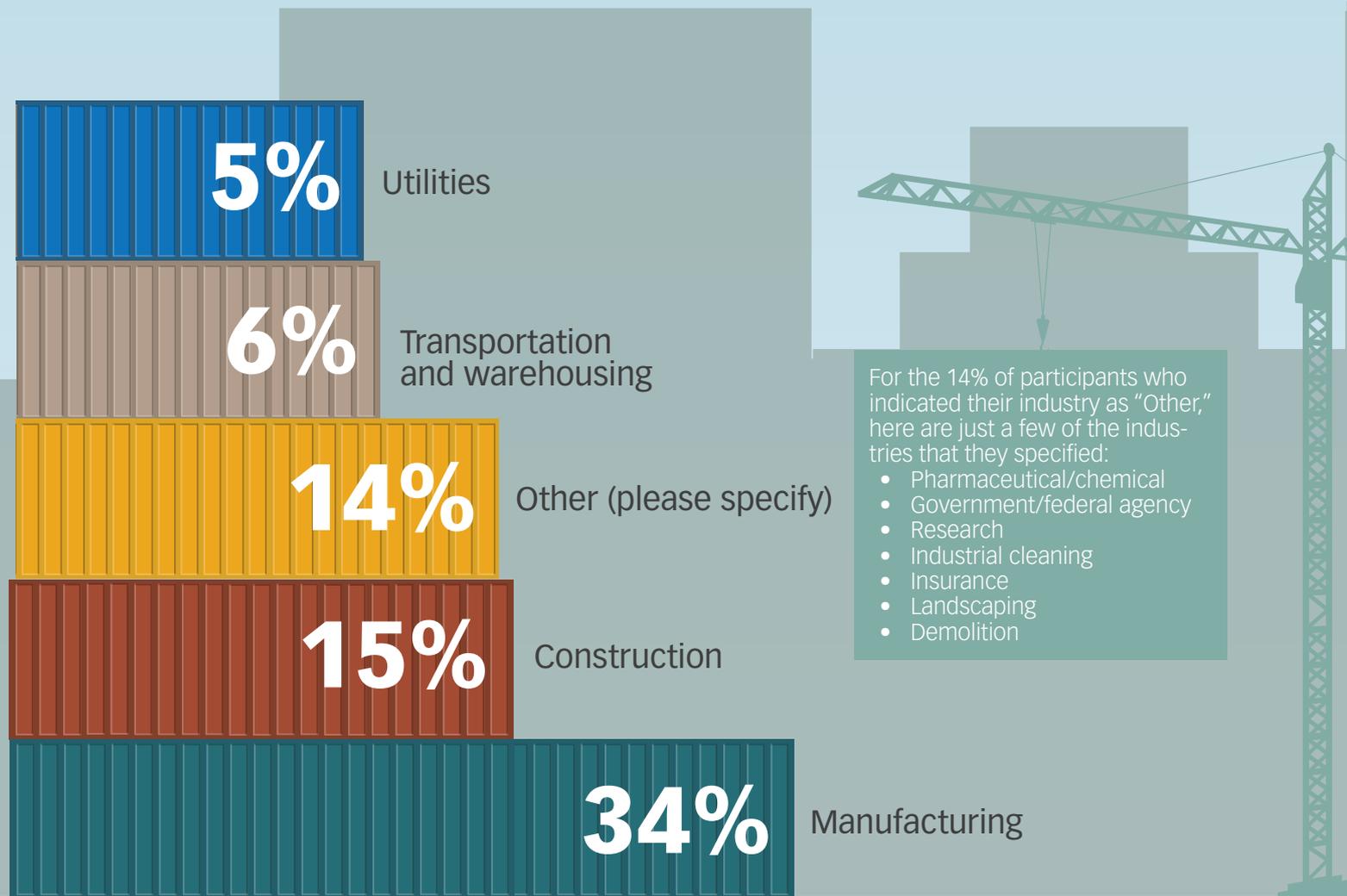
Company Size

Company size was a particularly diverse demographic in our survey. Here are the represented organizational sizes by number of employees:



Survey Firmographics

Here are the top 5 industries represented by our response pool:



Complete Survey Data Tables

On the following pages you will find all of the raw data that resulted from each question asked of the 379 respondents to the Supply Chain and Sustainability Survey. All percentages in these tables have been rounded off to the nearest tenth of a percent, and specific “Other” responses have not been included due to space constraints.

1. How many contractors (including subcontractors) does your organization employ annually?		
Answer Options	Response Percent	Response Count
Fewer than 5	17.7%	67
5–10	20.1%	76
10–15	11.3%	43
15–20	6.3%	24
20–25	6.6%	25
More than 25	29.8%	113
Our organization doesn't employ any contractors	8.2%	31
Answered Question		379
Skipped Question		0

2. In the past year, has your company been cited or fined by a safety regulatory or other agency because of the actions of a contractor or subcontractor?		
Answer Options	Response Percent	Response Count
Yes	4.0%	13
No	91.4%	297
I don't know	4.6%	15
Answered Question		325
Skipped Question		54

3. Has your company ever been cited or fined by a safety regulatory or other agency because of the actions of a contractor or subcontractor?

Answer Options	Response Percent	Response Count
Yes	12.3%	40
No	75.8%	247
I don't know	12.0%	39
Answered Question		326
Skipped Question		53

4. How thoroughly does your organization vet new contractors or audit current contractors regarding matters of safety compliance, records, and best practices?

Answer Options	Response Percent	Response Count
Very thoroughly	37.1%	121
Somewhat thoroughly	33.7%	110
We perform only minimal vetting and reviewing	23.0%	75
We do not vet or audit our contractors for safety compliance	6.1%	20
Answered Question		326
Skipped Question		53

5. What are the reasons that your company chooses not to vet or audit contractors in your supply chain regarding safety compliance, records, and best practices? Check all that apply.

Answer Options	Response Percent	Response Count
Time constraints	12.5%	2
Budget constraints	6.3%	1
Administrative difficulty or high complexity in completing the assessments	31.3%	5
It isn't required of us by law	12.5%	2
We trust our contractors implicitly	18.8%	3
We feel that the burden of responsibility will not fall on our company	18.8%	3
Lack of information available about the contractor	12.5%	2
We have simply never considered it before	68.8%	11
Other (please specify)	12.5%	2
	Answered Question	16
	Skipped Question	363

6. Contractors aside, does your organization perform regular internal safety audits?

Answer Options	Response Percent	Response Count
Yes	70.6%	12
No	29.4%	5
I don't know	0.0%	0
	Answered Question	17
	Skipped Question	362

7. What steps do you take in auditing or vetting the safety performance of your contractors? Check all that apply.

Answer Options	Response Percent	Response Count
Review and verify OSHA logs	49.6%	135
Contractor's reputation in the industry (i.e., word-of-mouth)	64.3%	175
Review of contractor safety training programs	57.7%	157
Verify contractor has adequate insurance coverage	80.1%	218
Review of contractor's written safety policies and procedures	55.9%	152
Tracking a contractor's Total Recordable Injury Rate (TRIR)	36.0%	98
Regularly performing full safety audits of all contractors	40.8%	111
Other (please specify)	11.8%	32
	Answered Question	272
	Skipped Question	107

8. By what method(s) do you perform safety audits of contractors? Check all that apply.

Answer Options	Response Percent	Response Count
Formal, in-person meeting	61.2%	164
Phone call or teleconference meeting	23.1%	62
Onsite inspections	66.4%	178
Request for applicable information and records from contractor (mail or e-mail communication)	55.2%	148
Software, app, or other computer auditing system	8.6%	23
Other (please specify)	6.0%	16
	Answered Question	268
	Skipped Question	111

9. How frequently do you perform full audits of contractors that work for your organization?

Answer Options	Response Percent	Response Count
Never	12.7%	35
Upon the start or renewal of a contract	27.6%	76
At our company's discretion as host employer	30.5%	84
Every 6 months	4.0%	11
Annually	16.7%	46
Every 3 years	2.2%	6
Other (please specify)	6.2%	17
Answered Question		275
Skipped Question		104

10. Generally speaking, how did your organization's contractors perform during their most recent audit regarding written safety manuals, policies, and/or procedures?

Answer Options	Response Percent	Response Count
The materials were found to be exceptional under audit	16.5%	36
The materials were adequate	72.0%	157
The materials were substandard	6.0%	13
The materials were incomplete or nonexistent	5.5%	12
Answered Question		218
Skipped Question		161

11. Generally speaking, how did your organization's contractors perform during their most recent audit regarding insurance coverage?

Answer Options	Response Percent	Response Count
Insurance coverage was adequate	94.1%	207
Coverage was below our required standard	4.5%	10
Insurance coverage was nonexistent	1.4%	3
Answered Question		220
Skipped Question		159

12. Generally speaking, how did your organization's contractors perform during their most recent audit regarding safety training materials and procedures?

Answer Options	Response Percent	Response Count
Training programs were found to be exceptional under audit	14.7%	32
Training programs were adequate	71.6%	156
Training programs were substandard	9.2%	20
There was no proof that training programs had even been conducted	4.6%	10
Answered Question		218
Skipped Question		161

Complete Survey Data Tables

13. Has your organization ever terminated a contract because of the contractor's failure to pass a safety audit or inspection?		
Answer Options	Response Percent	Response Count
Yes	30.8%	68
No	37.6%	83
I don't know	27.6%	61
Contractors have failed audits, but the contract was not terminated	4.1%	9
	Answered Question	221
	Skipped Question	158

14. Has your organization ever escaped a citation or fine by providing proof that an offending contractor had been sufficiently audited and passed?		
Answer Options	Response Percent	Response Count
Yes	13.6%	30
No	48.4%	107
I don't know	38.0%	84
	Answered Question	221
	Skipped Question	158

15. Which of the following best characterizes your job title and responsibilities?		
Answer Options	Response Percent	Response Count
Safety or EHS manager	54.7%	146
HR or other manager	8.2%	22
Consultant or contractor	3.4%	9
Executive (VP or higher)	3.7%	10
Director of Safety, EHS, or HR	12.0%	32
Front-line supervisor	6.4%	17
Staff-level employee	11.6%	31
	Answered Question	267
	Skipped Question	112

16. Please indicate your company size:		
Answer Options	Response Percent	Response Count
1–49 employees	17.5%	47
50–99 employees	13.1%	35
100–249 employees	20.5%	55
250–499 employees	13.8%	37
500–999 employees	10.8%	29
1,000–4,999 employees	14.6%	39
5,000+ employees	9.7%	26
	Answered Question	268
	Skipped Question	111

17. Please select the industry category that best describes the nature of your business:		
Answer Options	Response Percent	Response Count
Manufacturing	33.7%	90
Construction	15.0%	40
Other (please specify)	13.5%	36
Transportation and warehousing	5.6%	15
Utilities	4.5%	12
Professional, scientific, or technical services	4.1%	11
Educational services	3.4%	9
Mining, quarrying, and oil and gas extraction	3.4%	9
Health care and social assistance	3.0%	8
Public administration	3.0%	8
Accommodation or food services	1.5%	4
Wholesale trade	1.5%	4
Agriculture, forestry, fishing, and hunting	1.5%	4
Waste management/remediation services	1.5%	4
Finance and insurance	1.1%	3
Retail trade	1.1%	3
Real estate and rental and leasing	1.1%	3
Arts, entertainment, and recreation	0.7%	2
Information (media, data, telecommunication)	0.4%	1
Management of companies and enterprises	0.4%	1
Other services (except public administration)	0.0%	0
Administrative and support services	0.0%	0
	Answered Question	267
	Skipped Question	112

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**Thank you to all of the EHS
professionals who took the time to
complete our Supply Chain and
Sustainability Survey!**

Survey Methodology

Our *EHS Daily Advisor* surveys are designed by our in-house team of EHS experts. Once survey questions and distractors are determined and tested, the survey is ported to the SurveyMonkey® platform. Our survey population base is the 200,000 or so customers of our parent company, BLR®. Customers are notified of the survey through e-mails. They then click a link to take them to the survey.

Surveys typically stay open for 3 weeks to 1 month, although data show that most responses are received within a few days of the announcement of the availability of the survey. Surveys may stay open longer than normal for further data collection.

Analysis is usually straightforward, reporting on responses and percentages of those responses rounded off to the nearest tenth of a percent. We strive to present data in clear, easy-to-understand charts and tables. With open-ended questions, we mention the most frequently encountered entries, using our judgment as to which responses may be grouped together.



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