

One BMA End to End Contractor Management System (CMS)

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Project Aim

To Achieve Zero Harm and Commercial Excellence through a standardised and simplified One BMA Contractor Management System, that consolidates the HSEC, Work Management, Supply and Commercial streams of contractor management into a formal, documented, standard and simple operating process that delivers clear benefits and assists BMA to:

- improve the way we manage contractors;
- standardise the way we manage contractors;
- improve HSEC performance;
- improve our efficiency;
- make it easier for BMA personnel and contractors to understand the processes;
- improve compliance with BMA processes (BMA & contractors);
- provide simple cost effective training in the application of the contractor management processes; and
- promote methodology based decision making.

Problem Statement

Contractors account for approximately 50% of our BMA's work hours and continue to have higher injury rates than permanent employees. BMA engages contractors by issuing undertakes approximately 40,000 purchase orders for service engagements each year.

Stakeholder feedback on the usability of the previous contractor management system was that the flow from engagement to close out was disjointed and that there was a lack of standardisation, consistency in application and credibility across the various BMA operational sites.

There was a very clear business need to improve our HSEC and Commercial contractor management performances, levels of compliance and process efficiencies.

To make it easier for people to understand and follow the system and its associated requirements, it was essential that simple processes be in place to manage a wide

variety of contracted engagements and any risks associated with these commitments, in the most effective means possible.

As a part of a business wide approach, this project ~~has~~was also driven by the BMA 5 year plan to improve HSEC performance and organisation effectiveness.

Process (Project Steps)

Successful development and implementation of a new contractor management system was strongly dependent on user acceptance, sound yet simple processes and complete implementation of the system.

A variety of market intelligence, stakeholder engagement and ongoing communications activities were conducted and some still continue to achieve this acceptance. These activities include:

- site visits during the initial scoping phase to identify contractor management issues and key stakeholders across the BMA sites;
- market intelligence research (incident statistics / BHP Billiton documentation / industry best practice) and site visits to other BHPBilliton Asets including Illawarra Coal and ~~BHP Billiton our~~ Iron Ore operations;
- contract partner communications forums;
- multiple stakeholder CMS development workshops and feedback sessions;
- contractor management gap analysis to determine initiate levels of CMS compliance;
- General Manager and VP approval presentations;
- Implementation 'Road Show' presentations for both BMA employees and our contract partners. Held in central townships and the Bowen Basin areas. Greater than 25 presentations were conducted with more than 800 attendees;
- establishment and training of Site CMS Champions (representing both HSEC and Commercial areas) to support and coach site based personnel as well as to provide two way communication between the CMS project team and site personnel;
- ongoing phone hook-ups and workshops with the Site CMS Champions to support day to day contractor management processes, share ideas and improvements and to present CMS compliance auditing tools and KPI requirements; and
- regular 'E2E Contractor Management System' update flyers.

Many stakeholder issues, concerns and needs were identified through these processes, it became very clear that the previous system had been too complex, had a loss of ownership and included too much grey or lack of clarity around responsibilities and functional activities.

Key improvement messages included a need to standardised contractor management practices and make contractor management a One BMA process, to simplify and streamline activities, clearly define roles and responsibilities and to introduce formalised and structured approaches to training and ongoing governance.

A project team, consisting of one project manager and two technical experts (Commercial and HSEC), were allocated to rapidly lead these improvements. The team was given a six month period to develop and implement a variety of key components, whilst still maintain a strong vigilance on stakeholder involvement and communications.

A revised CMS was completed on 31 December 2008, introducing some significant contractor management changes within BMA.

Significant Changes

BMA previously had a six (6) phase process to demonstrate contractor management, the new system has been realigned to match the BHP Billiton five (5) phase representation of contractor management and create a better fit to the wider business.

The use of categorisation to determine the contractor management activities required for a particular service engagement has been removed. Previously contracts and service engagements were categorised depending on a variety of factors. For example:

- Category A
 - Greater than 3 pieces of Surface Mobile Equipment (SME) or
 - Underground Mobile Equipment (UME), or
 - > 6 weeks and > 5 persons on site at one time, or
 - < 6 weeks and > 10 persons on site at one time, or
 - Formal Contract > \$500,000
- Category B
 - All contractors that do not fit into category A, C or D
- Category C
 - A contractor performing low risk work in a non-operational area.
- Category D
 - Contract personnel hired to work under BMA supervision and in BMA teams (labour hire).

The ambiguous nature of these categories was found to cause a significant amount of angst and confusion. In determining the best way forward it was necessary to clearly understand the purpose and advantage of categorising contracts and how this categorisation process may assist with managing contracts.

It was found that categories may have some benefit assisting in the determination of the necessary management / supervision structure for the contract, record keeping requirements and monitoring / review needs, however, the categories in no way reflected the potential level of risk associated with a particular contract.

Some of the adverse issues that were arising as a result of contract categorisation, included the potential for a contract to escalate from a smaller B category to a larger A

category with very few triggers to initiate increased contractor management and HSEC activity, this was particularly prevalent during times of significant growth and up scaling.

It quickly became obvious that there was no real need or value in differentiating between contracts and that by applying a risk management focus, contractor management risks can be continually monitored and managed through a continuous improvement loop during the span of the contract, be in large or small. Applying this approach has meant that the risk of wrongly categorising or under managing a contract that may have crossed categories has been eliminated.

Regardless of whether the service engagement is governed by a formal contract or initiated via a purchase order arrangement, the initial step when engaging an external resource is to complete a desk top risk analysis (DRA). This automated tool, located within BMA's internal Request for Contract (RFC online) software, takes approximately ~~five~~ 2 to 3 minutes to complete, identifies a range of risks and provides direction on the key risk management activities required to initiate the specific service or contract.

A database behind the software is able to deliver reports on the number of DRA's completed which can then be compared against site purchase order data as a quick indication of contractor management system compliance.

To ensure adequate management of contractor activities, contract ownership and site supervision requirements have been clearly defined. A Contract Owner is to be appointed for each service engagement and Works Supervisors are to be appointed to supervise the day to day work of the contract employees. It may be appropriate for a Contract Owner to assume the responsibilities of the Works Supervisor, where practicable.

Contractor management roles and responsibilities, are clearly defined by use of a overarching Working with Contract Partners Plan and two supporting Working with Contract Partners Procedures (Procedure 1 – Works Preparation, Procedure 2 – Works Execution ~~and Contract Closure~~).

These simply written documents have associated swim lanes to visually present the specific functions of key contractor management roles.

All Contract Works are to be initiated with a mobilisation meeting to ensure HSEC management clarity exists amongst all parties and ongoing risk management is maintained and documented by use of a Contractor Management Checklist.

Initiated out of the DRA, results from this analysis are automatically populated into the checklist. Once all required records and details have been added to the checklist it is reviewed and approved by the BMA Contract Owner and Contractor Representative prior to mobilisation commencing.

Processes that are ongoing or have the potential to occur through the life of the engagement are continually recorded and a periodic review loop triggers further actions and/or any ongoing improvements. The Contract Owner nominates the review period that is most appropriate to the potential level of change of the contract work and any associated risks.

To review and record contractor performance outcomes to ensure learning opportunities for future works are captured a simple on line close out reporting tool has been designed to automatically collate and rank contractor performance against specific disciplines.

As a part of a business wide decision, all contractors are requested to perform works in line with and where ever possible directly under the BMA Site Health Safety Environment and Community (HSEC) system. Where this poses a significant disruption to business or is not considered adequate due to the nature and risk of the work activity a Contractor HSEC Management System may be pre-qualified and approved for use. If a contract employee is to perform a function that is not otherwise covered by the site HSEC or operating processes, the contractor or contract employee is required to raise this matter during the mobilisation or daily meeting to seek authority from BMA to perform work in line with a work procedure that is not owned by BMA.

BMA systems that are already in place and are to be uniformly applied to all contracts include:

- Induction System
- Training and Authorisation Management System
- Fitness for Work Systems e.g. Pre employment medical standards, Drug and Alcohol testing, Fatigue Management Standards etc.
- Risk Registers
- FRCP Assessments
- Principal Hazard Management Plans
- Standard Operating Procedures (SOP's)
- Permit System
- BMA Safe, JSA's, Risk Assessments
- Approval to use Hazardous Substances
- Approval of procedures to be used
- Equipment Compliance Process
- Incident Notification and Investigation Processes
- Inspection and Auditing regimes
- Emergency Management and Response
- HSEC Management System
- Health and Hygiene Processes.

To support this one HSEC requirement and to ensure all parties involved in contract works are fully aware of their responsibilities and performance requirements two distinct information sharing forums exist.

A BMA Contractor Management portal is located as a link on the BHP Billiton website. This portal allows access to a variety of contractor management process and to key HSEC and commercial documentation. To enter the site, individuals are required to register some basic details to then receive an automatically generated login.

Documents available on the contractor management web site are directly linked to BMA's document management system which ensures that the most recent documents are always accessible and in doing so, removing the need to spend resources on continually printing documents, manuals or CD's. As a part of the registration process, users can elect to receive regular email updates, notifying them of documents that have changed, been added or removed from the system. Also available on both portals, are self paced E-learning training packages to easily and efficiently train all personnel involved in contractor management activities, this has replaced previous two day training sessions conducted by external consultants.

Coaching and ongoing support is provided by site CMS Champions. In general, each site has a commercial champion (Contract Advisor) and a HSEC champion (Safety Advisor). The role of a site CMS Champion is to assist with contractor management system implementation, compliance activities, coaching of site and contractor personnel, auditing and most importantly the facilitation of two way communications between the contractor management project team and site personnel.

To assist in measuring contractor management compliance and to determine key performance indicator status a simple analysis tool has been developed. The aim of this tool is to provide a means by which to determine the current status of existing contractor management activities and to identify significant gaps that may exist. Depending on the nature of the gaps identified, several actions result:

- immediate action required;
- transition planning initiated;
- planing and prioritisation of activities required to fully implement the end to end contractor management system.

It is intended that the improved contractor management system be a key enabler for increased contractor management compliance. Since the implementation of the revised contractor management system, a compliance self assessment and technical validation has been performed. Results have shown a significant improvement in compliance and a much greater control of the potential risks introduced by the use of contractors.

Going Forwards

From 2 February 2009, all new service engagements have been required to use the One BMA End to End Contractor Management System.

Initial feedback has been positive, with all sites showing a vast improvement in contractor management compliance however, ongoing success of the contractor management system is still dependent on key stakeholder understanding and use of the processes.

Regular phone meetings are held between the Site CMS Champions and the contractor management project team, to discuss issues and to share improvement ideas and answers to commonly asked questions.

Improvement workshops have been conducted post implementation and compliance auditing of the system, to work through improvement ideas and to address specific contract situations where even more efficiency and effectiveness improvements may be possible.

Simplicity remains a constant focus of this project with a continual aim to make it easier to use the system than to bypass it.