

# Designing an Effective Contractor Qualification Program



# Table of Contents

---

- 01** Contractor Qualification: The Basics
- 02** Why Do You Need a World-Class Contractor Qualification Program?
- 03** 6 Impediments to an Effective Contractor Management Program
- 04** What an Outsourced Contractor Qualification Program Should be Doing for You
- 05** Everyone Wins with a Strong Contractor Qualification Program
- 06** Your Contractor Qualification Program Partner Checklist



# 01

## Contractor Qualification: The Basics

---

When business is booming in the engineering, construction, and energy sectors, the increase of incoming work requires more contractors to meet demand for on-site project specialization.

Although the benefits of hiring contractors are plenty — flexibility, specialist skills, and reduced full-time talent costs to name a few — managing third-party risk can be costly as well.

Ensuring your contractors are adequately qualified for the job at hand is not a small task. Here's what you need to know about contractor qualification and how an experienced expert can help you manage your contractor qualification program.



### What Is Contractor Qualification?

Contractor qualification is the process of ensuring that the contractors you hire meet your safety, sustainability, quality, and insurance requirements.

Your contractors are an extension of your workforce. The quality of work they perform on your behalf, along with their adherence to any safety or equipment management standards, is a reflection of your business — as is a lack of adherence or quality. As such, the companies that you contract must meet your company's standards, and the workers from those contracted companies should be held to the same standards as your full-time employees.



# 01

## Contractor Qualification: The Basics (continued)

---



### What Information Do You Need for Contractor Qualification?

An effective contractor qualification program is thorough in information collection, starting with the basics about the contracted company and getting more specific, drilling down to individual worker details.

While it may seem basic, **information about the contractor company** is the right place to start. This includes company name, address, the right contact person, and a list of services they provide.

From there, dig a little deeper into the **company processes and procedures** regarding qualification. Do they implement company-wide safety training? Does the current certificate of insurance cover each contractor on-site? Is the company meeting state and federal safety and regulatory requirements? How mature is the company in implementing environment, social, and governance (ESG) standards?

The final level of information pertains to **the individual workers**. Who are they and what are their qualifications? Does each worker have the appropriate level of training for the job you're offering, including orientation and site-specific risk training? Every worker should be evaluated on their qualifications and training to ensure quality work can be done safely.



# 01

## Contractor Qualification: The Basics (continued)

---



### What Can a Contractor Qualification Expert Do for You?

You already know that a contractor qualification program can minimize your risk exposure when utilizing contractors. The real question is, **“Why outsource the process instead of managing it myself?”**

An effective contractor qualification program involves a great deal of administrative work, document storage, and constant engagement with your contractors to obtain the required information, verify and audit that data, and keep it up to date. For many companies, this in-house process falls on multiple roles, many of which do not focus solely on managing contractors, taking attention away from their main responsibilities. With too many cooks in the kitchen, and no one fully owning the entire process, data can get messy, and important information can slip through the cracks.



### What Are the Benefits of Using an Outsourced Program?

For the same reasons you outsource work and materials to third parties (specialization, efficiency, etc.), many companies outsource their contractor qualification program. Third-party, contractor management partners can often improve the outcomes of your contractor programs while helping you reduce cost.

A full-service program, managed through a third-party expert, delivers quality and consistency. Just as your customers rely on you and your workforce to bring expertise and attention to your work, a third-party partner can not only help mandate that each contractor you hire provides the required qualifications but also engage them in the process. For many companies and individuals, this process can be overwhelming and uncomfortable. With customized technology and hands-on service, your third-party partner minimizes your stress and risk.



## 02

### Why Do You Need a World-Class Contractor Qualification Program?

---

As mentioned earlier, the responsibilities of contractor qualification programs are often split between multiple stakeholders within a company, with each stakeholder having their own concerns and priorities.

Although each stakeholder is doing what he or she believes is good for the company, a decentralized effort often leads to suboptimal results. Each person may understand the importance of working with qualified contractors, but they may not have the time or understanding to ensure this qualification is done correctly when they have many other job responsibilities to focus on as well. In working with many top companies, we have found similar sentiments among the many roles that play a part in qualifying contractors:



#### ***Environmental, Health, and Safety (EHS) Professional***

“My job is to make sure that our workers are always safe and protected. While I remove hazards and obstacles to employee safety on the job site, I am also responsible for ensuring the employees themselves are trained.

Contractors are an extension of our workforce, and therefore should be included in any training, provided the same guidance, and held to the same qualification and certification standards as our existing employees. But how can I know where each contractor stands in regard to training and qualifications?”



#### ***Procurement Professional***

“Delays are my worst nightmare. When we don't meet deadlines because of an incident, we go over budget. If a contractor is at fault for one of these costly delays but isn't properly covered by its insurance, it's our burden to bear. How can I be sure that our contractors are qualified to get the job done without incidents and have the right insurance coverage in case something happens?”



# 02

## Why Do You Need a World- Class Contractor Qualification Program? (continued)

---



### **Operations Manager**

“Just call me the taskmaster. I’m responsible for making sure the day-to-day work is getting done on time, on budget, and up to quality standards. Without qualified and trained contractors, my job becomes more stressful as work falls behind and workers put themselves and others at risk on the job site. Is there a system that can ensure my workforce is reliable?”



### **Risk Manager**

“There is a lot of risk in our industry, and it’s my job to help our leadership team understand it and our current risk portfolio. I do this by standardizing the risk management process across various internal departments, whether we’re looking at supply-chain risk, environmental, social, and corporate governance standards, or brand reputation. How can I make tracking this risk, including third-party risk, more standardized company-wide?”



### **CFO**

“The CEO is counting on me to recognize strategic opportunities for capital savings through risk management, operational efficiency, and procurement. Without being able to effectively track productivity performance, I cannot make the decisions needed for our business to be successful. This is especially difficult with third-parties. But there are a lot of components and cross departmental collaboration required to properly track performance. Is there an easier way?”



## 03

### 6 Impediments to an Effective Contractor Management Program

---

Are these six commonplace workplace habits getting in the way of effectively managing your contractors?

1

#### Disparate Compliance Process

When everyone owns a piece of the process, contractor management is nobody's priority. Important information is likely to slip through the cracks, and you will find under-qualified contractors on your job site.

2

#### Regulatory Compliance with Inefficient Processes

Why use spreadsheets and disconnected documents when more efficient technology exists? When members of your team are constantly reaching out to contractors and saving files in various locations, you're wasting precious time and causing frustration that doesn't need to exist. Additionally, compliance is not a snapshot in time. It constantly needs to be updated to be relevant.

3

#### Ad Hoc Decisions

When decisions to hire aren't made on clear qualifications data, your business is at risk. A lack of consistency also puts your brand reputation at risk with clients, who cannot count on you and your workforce to bring the same quality and efficiency to each project.





# 03

## 6 Impediments to an Effective Contractor Management Program (continued)

---

### 4 **Managing Contractors without Know-how**

Each member of your team is skilled at what they do, but no one is trained to implement and maintain a contractor management program. Why is this expertise important? You already know why — that’s why you’re looking for skilled contractors on your job sites. Without world-class contractor management and institutional knowledge, your program will be reactive instead of proactive.

### 5 **Data Scattered, Poorly Aggregated and Analyzed**

Not only do you need comprehensive data for an effective contractor qualification program, you also need an easy way of aggregating the data and pulling out meaningful insights for your leadership team to make decisions based on risk. Hundreds of reports stuffed into a file cabinet or rows in a spreadsheet does not make this task easy.

### 6 **Inconsistent Training Practices**

You’re wasting a lot of time and money by not consistently requiring training for all employees, internal and contracted. When your workforce isn’t trained on a consistent basis, safety incidents happen on the job, employees get hurt, and your organization pays regulatory fines, workers compensation, property damages, and delay fees.



## 04

### What an Outsourced Contractor Qualification Program Should be Doing for You

---

The right contractor qualification program offers solutions to each of these seven challenges through a system of verifications that build on each other. When done right, you see better outcomes with less strain on your organization, and the program works for all stakeholders without feeling like a burden that is shared across multiple roles.

#### 1

### Contractor Participation

It comes down to one simple truth: The more straightforward and approachable your qualification process, the more likely contractors will participate in it. If your process is too complex and burdensome, contractors who are qualified to do business with your company may appear to be non-compliant because they are not willing to go through your process.

Here are four best practices for encouraging contractor participation:

- **Make the process easy for contractors to follow** and track their own progress. If a contractor is unsure of how many steps remain in the process or what they can do to qualify, they are likely to grow frustrated and give up.
- **Ensure there is adequate contractor support** to assist them during the various steps, including onboarding, information gathering, and verification. Your contractor qualification partner should have compliance support professionals to help contractors fill in any gaps that exist within their qualifications and walk them through the process.
- **Provide contractors with the opportunity to gain more business** through a robust network. Since third-party partners work with multiple hiring clients like yours, they create a network effect that benefits contractors. Other hiring clients can find your contractors through the network, and contractors can seek new business by showcasing their commitment to safety through the network, much like LinkedIn.
- **Give contractors an incentive** to participate in your qualification program.



# 04

## What an Outsourced Contractor Qualification Program Should be Doing for You (continued)

---

### 2 Build in Flexibility

Every company is different, and your company has its own unique safety and sustainability standards. In order to uphold your unique standards, your contractor qualification partner should offer a technology platform that is highly configurable. Additionally, your partner should provide flexibility in the services they provide to meet your needs.

Look for flexibility in your partner's ability to:

- Split your contractor base into multiple groups (e.g. region, industry, business unit, risk level, etc.)
- Ask for only relevant qualification information from each group
- Score each group differently if needed
- Enforce your unique training requirements for contracted workers
- Adapt to unique state requirements
- Accommodate any reasonable request for unique services that will help your contractor qualification program be successful



# 04

## What an Outsourced Contractor Qualification Program Should be Doing for You (continued)

---

### 3

#### Company-Level Contractor Prequalification AND Worker-Level Qualification

Workforce safety starts at the top and works its way down. So, start your qualification review at the company level and verify that the individual workers from these companies are qualified and properly trained.

There are three ways you can verify company-level qualifications:

- **Institute a self-reporting questionnaire.**  
Include questions like, “Does your company have a fall protection program?” and “Do you regularly train your workforce on fall protection?”
- **Ask for safety statistics.**  
You’ll learn a lot about the contractor’s dedication to safety by their number of recordable OSHA incidents and experience modification rating. Your third-party partner should be able to verify the documents the company provides with these statistics.
- **Review their safety programs.**  
Don’t just take a company’s word for it. Ask to see the company’s safety program and the components of the program that relate to your required qualifications. Your partner should be able to review the relevant sections and determine if they are up to your standards.

Once the company passes prequalification, then you can take a look at the specific contractors who would be on your job site. Before letting them on your site, you’ll want to confirm workers have completed the required, industry-recognized training, have the right certifications, and have gone through your site orientation.



# 04

## What an Outsourced Contractor Qualification Program Should be Doing for You (continued)

---

### 4 Audit Capabilities

Although collecting safety statistics and information, otherwise known as lagging indicators, is important, even more important is the ability of your program to identify and analyze leading indicators. Leading indicators focus on the likelihood of an accident happening in the future and are based on the actions and steps a company is taking today to prevent future incidents. Strong leading indicators include regular safety meetings, accurate and clear labels on hazardous materials and dangerous equipment, and proper personal protective equipment.

A contractor qualification partner can help you identify and document the ways in which the contracting company implements the policies and procedures they claim to enact. This amount of detail is not only helpful as you work to understand your potential risk, but it is also useful when establishing trust with your contractors.

### 5 Insurance Verification

Mistakes and accidents can happen on even the safest job sites. In these instances, ensuring contractors have adequate insurance coverage is essential to managing risk. Your contractor qualification partner should be able to verify the types of insurance your contractors carry, the amount of coverage they carry, and whether their coverage extends to your organization.

An often overlooked detail when it comes to insurance coverage is the policy expiration date. Insurance coverage can change at any time, whether through expiration or policyholder requested changes. Monitoring all of your contractors' policies is almost impossible to do on your own, but third-party qualification partners should be able to proactively monitor all insurance changes amongst your contractors.



# 04

## What an Outsourced Contractor Qualification Program Should be Doing for You (continued)

---

### 6

#### Build in Flexibility

Every company is different, and your company has its own unique safety and sustainability standards. In order to uphold your unique standards, your contractor qualification partner should offer a technology platform that is highly configurable. Additionally, your partner should provide flexibility in the services they provide to meet your needs.

Look for flexibility in your partner's ability to:

- Split your contractor base into multiple groups (e.g. region, industry, business unit, risk level, etc.)
- Ask for only relevant qualification information from each group
- Score each group differently if needed
- Enforce your unique training requirements for contracted workers
- Adapt to unique state requirements
- Accommodate any reasonable request for unique services that will help your contractor qualification program be successful



# 04

## What an Outsourced Contractor Qualification Program Should be Doing for You (continued)

---

### 7

#### Predictive Capabilities

Contractor qualification partners should have large sets of (anonymized) historical data on contractor risk. The best contractor qualification partners will be able to leverage decades of historical contractor risk data to give you a solid leading indicator of potential risk. Advanced, data-driven machine learning can help you predict the likelihood of a contractor incident over a three-month period.

A simple ranking model makes it easy for you to make business decisions about partnering with specific contractors. For example, your scoring ranking could look something like this:



##### Standard Risk

The contractor is at an average incident risk level compared to its peers, with less than 20% likelihood of an incident over the next 90 days.



##### Elevated Risk

The contractor is at an above-average incident risk level compared to its peers; these contractors have between 20% and 70% likelihood of an incident over the next 90 days.



##### High Risk

The contractor is at a much higher risk level than its peers, with greater than 70% likelihood of an incident in the next 90 days.

Your predictive model should also provide the top factors contributing to a contractor's risk ranking.



# 04

## What an Outsourced Contractor Qualification Program Should be Doing for You (continued)

---



### Now Put It All Together

The true genius of an effective contractor qualification program is when all of this information is **visible in a single platform**. No more spreadsheets. No more filing cabinets filled with documents. When this information is digitally combined into one portal, you can quickly give contractors ratings based on their qualification scores — green for *go*, yellow for *caution*, and red for *no*, for example — helping you identify the companies to work with and the ones to avoid because they are too risky.

Following this rating is the last piece of the puzzle. Ultimately, your contractor qualification program, no matter how well-designed, only has the power to impact your operations if you adequately **enforce it**. Going through the process of collecting contractor information just to continue to hire “red” rated companies will devalue your process and make it nearly impossible to enforce later on after you’ve been burned. Hold yourself and your contractors accountable by making the system and its conclusions visible to all parties involved.





# 05

## Everyone Wins with a Strong Contractor Qualification Program

---

When you invest in the right resources, everyone wins. Stakeholders now have more time and energy to focus on their other responsibilities, and higher confidence in the decisions they are making for the organization. Additionally, your entire team will recognize the value of an expert partner and integrated technology that streamlines your contractor qualification program. **Soon**, those stakeholders will be saying:



### *Environmental, Health, and Safety (EHS) Professional*

---

"I've already seen a reduction in incidents! We're making sure contract workers are safe on our job sites by ensuring they have the right training and qualifications that match our full-time employees."



### *Procurement Professional*

---

"Our list of 'approved' contractors is much shorter and stronger with this new system. The quality of work has improved, and my job is less stressful with fewer work stoppages due to mistakes made by under-qualified workers."



# 05

## Everyone Wins with a Strong Contractor Qualification Program (continued)

---



***Operations Manager***

---

“We’re moving quicker and getting things done on time, on budget, and up to quality standards. I don’t have to worry that our contractors aren’t qualified or trained, because I have verification that they are.”



***Risk Manager***

---

“With this much clearer view of contractor risk, I can confidently report to leadership where we stand on each project and across the entire portfolio of work.”



***CFO***

---

“I have the tools I need to understand our third-party risk and make informed decisions that improve resourcing, new business, and profitability.”



# 06

## Your Contractor Qualification Program Partner Checklist

---

Your contractor qualification program partner should be able to do the following:

- ✓ Carry the full responsibility of contractor qualification, from building the process to collecting the information and guiding the contractors through each step
- ✓ Maximize contractor participation with a simple, straightforward process and support through the qualification process
- ✓ Offer flexibility in the specific information collected and services rendered to fit your unique requirements
- ✓ Give you visibility into both company and worker-level qualification
- ✓ Provide both lagging and leading indicators to provide a thorough understanding of potential risk
- ✓ Verify appropriate insurance coverage
- ✓ Provide standard, industry-recognized training programs that make it easy for contractors to show completion to you and other hiring clients
- ✓ Provide clear and easy-to-access information about each contractor so that you can base your decisions on training, regulatory requirements, licensing, insurance coverage, safety programs, and other qualifications
- ✓ Build a system that prevents safety incidents instead of only responding to them



## Build Your World-Class Contractor Qualification Program with Veriforce

---

No other contractor qualification solution checks all of the boxes required to implement and support a leading contractor qualification program. With Veriforce, you'll enjoy:



**Industry-Leading Contractor Participation with Unparalleled Contractor Support**



**The Highest Level of Configurability in Both Technology and Services**



**Expertise and Unwavering Commitment to Safety**



**Hands Down, the Best Value for Both You and Your Contractors**

Find out why leading companies are partnering with Veriforce to take their contractor qualification program to a new level.



# About Veriforce

---

Veriforce® is an ISO-certified, recognized leader in delivering comprehensive, integrated supply chain risk management solutions that help bring workers home safely and optimize business performance. The company's SaaS safety and compliance platform, data integrity and verification practices, and standardized safety training programs empower leading organizations to drive safety and compliance into their supply chains and down to the worker-level.

Veriforce is the world's premier supply chain risk and compliance management network, comprising more than 750+ hiring clients, more than 50,000+ contracting companies, over 9,000+ accredited safety trainers and authorized evaluators, and over 2.5+ million workers. It's this network that makes Veriforce the preferred partner for companies that strive to ensure a safe, qualified third-party workforce, to stay ahead of risk, and achieve optimal business performance. Company offices are located in The Woodlands, Texas, Covington, Louisiana and Calgary, Alberta, Canada.



Visit [veriforce.com/demo](https://veriforce.com/demo) to learn more, or schedule a demo.



[discover@veriforce.com](mailto:discover@veriforce.com)



800.892.8179