



PROCUREMENT: BUILDING CONFIDENCE, KEEPING REPUTATION

By Collin Pullar, President, Saskatchewan Construction Safety Association

In the 2015 Procurement edition of *We Build*, we discussed the “Exercise of Assessing Value” and that safety needed – for a number of reasons – to be a key assessment criterion for those responsible for procuring construction services. Clearly, price did not necessarily equate to value. Rather, when assessing construction projects, such things as reputation, political and financial risk have a value connection as well. Assessing whether a company has methodical approaches to identifying, mitigating, and therefore reducing risk of workplace injury can be a determining factor as to whether

they have the ability to control a range of avoidable losses. We know from practice that a workplace injury is often accompanied by production delays, equipment or material damage, negative media attention, financial losses, and serious bruising to reputations.

The Saskatchewan Construction Safety Association has had the opportunity to discuss these considerations with a local chapter of the National Institute of Government Procurers and encourage them to place greater emphasis on safety management systems – in particular, to look to

the nationally recognized Certificate of Recognition (COR™) program as a strong indicator in this regard. While there is a long way to go, the Saskatchewan construction industry has made significant strides with safety, and this has a major impact on the bottom line of procurement projects. For example, using the 2015 forecasted payroll for all construction building codes, the Saskatchewan Workers’ Compensation Board premium rates paid in 1997 – if applied to today’s provincial commercial and industrial construction payroll – would have resulted in additional



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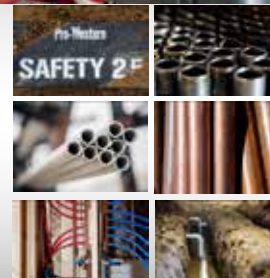


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project costs of over \$175 million! This was an eye-popping number for the procurement managers in the room who are responsible for public construction projects and protecting the public purse. The progress in safety and companies taking greater control over these avoidable workplace losses has been the principal driver for lower premium rates.

As mentioned, the economic and reputational fall-out from a workplace

incident can be devastating. A few weeks ago, I had the opportunity to have an interesting discussion on these risks with a senior banking executive whose organization often provides financing to a range of construction companies and special projects. We were specifically discussing safety as a method of reducing a volatile factor in higher-risk projects, and as a case in point, discussed the probable financial impact of the recent ruling in the Metron Construction case,

where four workplace deaths occurred on a commercial construction site in Toronto. In addition to the legal costs, fines, and an eventual three-and-a-half year jail sentence for the project manager, the company is sure to experience a major hit to its reputation, valuation, and perhaps its own survival. This banking executive mentioned that this tragedy would have also had serious implications for the financier of that company – not a position a bank financing officer would want to be in. He expressed that banks really don't want to finance companies with damaged reputations...again, a consideration for those professional procurement specialists.

These are only some of the reasons why we not only encourage companies to methodically adopt, implement, and vigorously manage their COR safety management system, but also encourage those in the procurement and project financing roles to recognize a company's COR certification and safety management practices as a confidence-building and valuable decision-making consideration. 📦

Collin Pullar is the President of the Saskatchewan Construction Safety Association, an industry-driven and funded association serving more than 9,000 member commercial, industrial and residential construction companies in Saskatchewan. Its mission is to provide high quality, nationally recognized safety training and advice to construction employers and workers leading to reduced human and financial losses associated with injuries.

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