The cidb Construction Industry Indicators (CIIs) are measures of the performance of the industry, focusing on clients, the client's agent/consultant and contractors. The CIIs have been captured annually since 2003, and are currently being captured by the cidb in partnership with the Department of Quantity Surveying and Construction Management of the University of the Free State.
The full report will be available on the cidb's website http://www.cidb.org.za, and includes historical trends in the indicators.

The cidb's aim is that the CIIs are used for:

• monitoring construction industry development needs and trends;
• informing industry participants of key performance factors; and
• company and project benchmarking.

By capturing and publishing these CIIs, the cidb's aim is to encourage the construction industry and its supply chain to strive to improve their performance. In support of this, a client satisfaction survey form is attached to allow contractors an opportunity to benchmark themselves against the client satisfaction CIIs presented here. Contractors are urged to submit the attached questionnaire to the client / client's agent upon practical completion of the project.

### PERFORMANCE IMPROVEMENT; WHY IS IT IMPORTANT?

#### What is client satisfaction?

The level of satisfaction of a client with a contractor's performance on a project is an important indicator (or measure) of the contractor's ability to execute and complete a project within the required expectations of the client. "Feedback is the food of champions", and it is important for contractors to get feedback from clients on their projects so that the contractor can improve their performance on future projects. The attached questionnaire can be used to obtain feedback from the client or client's agent upon practical completion of the project.

#### Performance and competitiveness:

Not only is client feedback to contractors on individual performance important, but it is also important for contractors to know how they measure against the industry norm - which is an indicator of their competitiveness. The CIIs presented here provide a measure where contractors can measure their performance against the industry norm.
Why is it important to improve?

The contractor's survival depends on repeat work from clients, which is based on the contractor's performance on past projects. Contractors need to provide value for money to the client, and many clients are no longer awarding contracts on the lowest tender price, but on the performance of the contractor on past contracts.

Contractors who improve their performance and, typically, who are above the industry norm will have a competitive advantage over other competitors. Contractors will also be able to complete the projects within less time, less cost and higher quality and adding value for money to the client and higher profits.

"Clients in construction want their projects delivered on time, on budget, free from defects, efficiently, right the first time, safely and by profitable companies. Regular clients expect continuous improvement from their construction team to achieve year on year reductions in project cost and reductions in project time."

Movement for Innovation (M4I), UK

These are but a few benefits that are possible through improved practice.

CLIENT SATISFACTION

Performance of the agent / consultants' team:

Clients were satisfied with the overall performance of the agent employed on 78% of the projects surveyed. On the other hand, clients were neither satisfied nor dissatisfied (i.e. or neutral) on 19% of the projects, and dissatisfied on 3% of the projects. Notably, there was a slight decrease in client satisfaction with increasing project value.

Performance of the contractor:

Clients were satisfied with the overall performance of the contractor employed on 76% of the projects. On the other hand, clients were neither satisfied nor dissatisfied on 22% of the projects, and dissatisfied with the performance of the contractor on 2% of the projects. An increase in client satisfaction was found with increasing project size - and implicitly with grade of contractor.

Construction schedule:

Clients were satisfied that contractors completed the project within the quoted tendered construction schedule (excluding the impact of variation orders) on 67% of the projects, and were neutral or dissatisfied with the construction schedule on 24% of the projects.
Quality of work delivered:

Clients were satisfied with the quality of the completed work at handover on 67% of the projects, were neither satisfied nor dissatisfied on 22% of the projects, and dissatisfied on 2%. A slight increase in client satisfaction was found with increasing project size - and implicitly with grade of contractor. There was no significant variation between public and private sector clients. (This relative high level of satisfaction however does not appear to correlate with anecdotal information about quality concerns expressed in the industry. This matter is being investigated further.)

Resolution of defects:

Clients were satisfied with the resolution of defective work during the construction period on 69% of the projects surveyed. There was no significant variation in the client satisfaction with project size.

Level of defects:

The quality of the completed work is correlated with the level of defects at handover / practical completion. 76% of facilities were apparently defect free or had “few” defects at practical completion / handover, and 18% of facilities had “some” defects. 6% of facilities had major defects or were totally defective. Although the level of defects is strongly correlated with the satisfaction of the client with the contractor, a higher level of defects was found on smaller works, and lower levels of defects on larger works.

Client satisfaction is a key factor in determining client loyalty and repeat business in the private sector. It is also a key factor in the public sector as quality is increasingly being taken into account in the tender adjudication process.

While the overall results for client satisfaction are encouraging, the performance of the client’s agents / consultants and the performance of contractors on 20% to 25% of projects surveyed are distinctly below the performance of their peers. These organisations should be aware of their performance as it could substantially influence their ability to attract repeat business.

Of particular concern is that around 25% of projects surveyed had a level of defects which the cidb regards as inappropriate.

CONTRACTOR SATISFACTION

Performance of the client:

Contractors rated the performance of clients as satisfactory on 75% of the projects surveyed, 18% as neither satisfactory nor unsatisfactory, and 8% as unsatisfactory. Of significance, the contractor satisfaction with the client was strongly negatively correlated with increasing contract size.

Contract procurement / adjudication:

Contractors rated the contract procurement / adjudication process as satisfactory on 76% of the projects surveyed, as neutral on 22% and dissatisfied on 2% of the projects.

Quality of tender documents and specifications:

The satisfaction of the contractor with the client was strongly correlated with the quality of the tender documents and specifications - which also showed a negative correlation with contract size. Contractors were neutral or were dissatisfied with the quality of tender documents and specifications on 29% of the projects surveyed. There was no significant variation in contractor satisfaction between the public and private sector clients.

Management of variation orders:

The satisfaction of the contractor with the client was also strongly correlated with the management of variation orders, and contractors were neutral or were dissatisfied with the management of variation orders on 36% of the projects surveyed.

The quality of tender documents and specifications as well as the management of variation orders are a matter of concern in the industry - and is a reflection of the procurement capability of clients and their representatives or agents.
ECONOMIC INDICATORS

Profitability:

70% of contracts surveyed were undertaken with profit margins of 5% or more (and 32% of contracts undertaken with profit margins of greater than 10%). 26% of contracts surveyed were undertaken at profit margins of 5% or less, while 4% of contracts ran at a loss.

Payment of Contractors:

57% of final payments were made within 30 days of practical completion, and 38% within 30 and 90 days. 6% of payments were delayed by longer than 90 days.

Payment of Client's Agent / Consultants:

Consultants fared slightly less well than contractors, and 50% of consultants were paid within 30 days of interim and final account, 46% between 30 days and 90 days. 4% of payments were delayed by longer than 90 days.

Profitability of contractors and payment procedures by clients has improved quite significantly. Notwithstanding this, there is still a disturbing trend that around 5% of payments were delayed by longer than 90 days - which could be in conflict with the cidb Code of Conduct for all parties engaged in construction procurement.
GENERAL CONDITIONS OF CONTRACT

General Conditions of Contract:

Around 20% of projects surveyed were undertaken using general conditions of contract other than those recommended in the cidb's Standard for Uniformity, or using general conditions of contract that were substantially amended.

HEALTH & SAFETY

Health & Safety:

Records of Health and Safety claims by the Federated Employers’ Mutual Assurance Company Limited (FEMA) (which accounts for about 50% of industry compensation claims) for 2006 show 9 184 reportable accidents and 73 fatalities, with an estimated total cost of claims amounting to R124m.

EMPOWERMENT

Around 80% or more of Grade 2 to 6 General Building (GB) contractors are black owned (>50%), while around 80% or more Grade 2 to 5 Civil Engineering Contractors (CE) contractors are black owned. Around 40% or more of Grade 2 to 5 General Building (GB) contractors are female owned (>50%), while around 80% or more Grade 2 to 3 Civil Engineering Contractors (CE) contractors are female owned.

Black ownership in the contracting industry is progressing well up to Grade 6 in General Building and up to Grade 5 in Civil Engineering.

Construction related injuries and fatalities remains unacceptably high. Specifically, motor vehicle accidents remain the largest contributor to construction related fatalities.
CUSTOMER SATISFACTION SURVEY

The cidb's aim is to encourage the construction industry and its supply chain to strive to improve their performance. The cidb encourages contractors to benchmark themselves against the cidb client satisfaction Construction Industry Indicator CIIIs (http://www.cidb.org.za), and contractors are urged to submit this questionnaire to the client / client's agent upon practical completion of the project.

Client Details:
Name: ________________________________
Company: ________________________________
Fax: ________________________________
Phone: ________________________________

Contractor Details:
Name: ________________________________
Company: ________________________________
Fax: ________________________________
Phone: ________________________________

Project Details:
Project Name: ________________________________
Project Number: ________________________________
Location: ________________________________

Please complete the following questionnaire in respect of the main contractor for the project identified above, and return the questionnaire to the contractor at the above address.

1. How satisfied was the client with the overall performance of the contractor employed (tick one):

<table>
<thead>
<tr>
<th>Dissatisfied</th>
<th>Neither satisfied nor dissatisfied</th>
<th>Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

2. How satisfied was the client with the ability of the main contractor to keep to the tendered construction schedule excluding the time impact of variation orders (tick one):

<table>
<thead>
<tr>
<th>Dissatisfied</th>
<th>Neither satisfied nor dissatisfied</th>
<th>Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

3. How satisfied was the client with the quality of the completed work delivered (tick one):

<table>
<thead>
<tr>
<th>Dissatisfied</th>
<th>Neither satisfied nor dissatisfied</th>
<th>Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

4. How satisfied was the client with the resolution of defective work during the construction period by the main contractor (tick one):

<table>
<thead>
<tr>
<th>Dissatisfied</th>
<th>Neither satisfied nor dissatisfied</th>
<th>Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

5. What was the condition of the facility at the time of handover / practical completion with respect to defects (tick one):

<table>
<thead>
<tr>
<th>Totally Defective</th>
<th>Major Defects</th>
<th>Some Defects</th>
<th>Few Defects</th>
<th>Apparent Defect Free</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

6. Do you have any further comments?

________________________________________________________________________
________________________________________________________________________