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.
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The summary results included in this publication reflect selected indicators measured for projects completed in the 2007 calendar year, derived from 282 clients from across all nine provinces and 1 204 contractors. The indicators presented here cover:

- client satisfaction;
- contractor satisfaction;
- profitability and payment delays;
- procurement indicators; and
- health and safety.

### KEY FOCUS AREAS - THE "BOTTOM 30%":

While the overall performance results for the industry are encouraging, and overall show an improvement of previous years, the challenge is to raise the performance of the industry as a whole, and in particular the performance of "the bottom 30%".

- Clients were neutral or dissatisfied with the overall performance of the contractor on 21% of projects;
- Clients were neutral or dissatisfied with the quality of work delivered on 20% of projects;
- Around 18% of the projects surveyed had levels of defects which are regarded as inappropriate;
- Contractors were neutral or dissatisfied with the quality of tender documents and specifications on around 29% of the projects surveyed;
- Contractors were neutral or dissatisfied with the management of variation orders on 35% of the projects surveyed; There was a noticeable difference between satisfaction with public sector clients (62%) and private sector clients (72%);
- 42% of payments by clients were made within 30 days of invoicing, 51% between 30 to 90 days, and 7% over 90 days. Prompt payment of contractors shows a significant deterioration between the 2005 and 2008 surveys. Significant differences were also obtained between the public and private sectors, with only 35% of payments being made within 30 days of invoicing in the private sector and 46% in the public sector;
- Around 18% of the projects surveyed had levels of defects which are regarded as inappropriate;
- Contractors were neutral or dissatisfied with the quality of tender documents and specifications on around 29% of the projects surveyed;

The full report will be available on the cidb’s website http://www.cidb.org.za.
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 linked to 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.

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.
CLIENT SATISFACTION

Performance of the contractor:

Clients were satisfied with the overall performance of the contractor employed on 83% of the projects surveyed in 2008. On the other hand, clients were neutral or dissatisfied (i.e. neutral) on 15% of the projects, and dissatisfied on 2% of the projects. Notably, client satisfaction increase from 79% in 2007 to 83% in 2008.

Performance of the agent / consultants’ team:

Clients were satisfied with the overall performance of the agent employed on 83% of the projects surveyed in 2008. On the other hand, clients were neither satisfied nor dissatisfied (i.e. neutral) on 15% of the projects, and dissatisfied on 2% of the projects. Notably, client satisfaction increase from 79% in 2007 to 83% in 2008.

Notably, public sector clients were more satisfied with the overall performance of the contractor employed (83%), while private sector clients were less satisfied (70%) with the overall performance of the contractor employed on the projects. The survey also shows a decrease in satisfaction with increasing project size on private sector projects, but less so on public sector projects. These differences in the satisfaction expressed by public and private sector clients and on contract size may however be due more to customer expectations than actual overall performance of the contractor.

Construction schedule:

Clients were satisfied that contractors completed the project within the tendered construction schedule (excluding the impact of variation orders) on 78% of the projects, and were neutral or dissatisfied with the construction schedule on 22% of the projects. The survey conducted in 2008 shows that client satisfaction with construction schedule increased from 68% in 2007 to 78% in 2008.
Quality of work delivered:

Overall, clients were satisfied with the quality of the completed work at handover on 80% of the projects, and were neutral or dissatisfied on 20% of the projects in 2008. Again, notably, around 85% of public sector clients were satisfied with the quality of work delivered, while only 74% of private sector clients were satisfied. The survey also shows a decrease in satisfaction with increasing project size on private sector projects, but not on public sector projects.

Resolution of defects:

Clients were satisfied with the resolution of defective work during the construction period on 72% of the projects surveyed in 2008. The survey shows a slight increase in client satisfaction compared to previous years, namely 70% in 2007 and 68% in 2005.

Level of defects:

Around 82% of projects surveyed in 2008 were “apparently defect free” or had “few defects” at practical completion / handover in 2008, and 18% of facilities had “some defects” or “major defects”. This shows slight improvement over 2007.

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, and typically show improvement over previous years, the performance of the client’s agents / consultants and the performance of contractors on 20% to 30% 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.

The 2008 survey has also highlighted the differences in perceptions between public and private sector clients, with private sector clients being more discerning and less satisfied with contractors - and in particular on larger projects.
CONTRACTOR SATISFACTION

Performance of the client:

Contractors rated the performance of clients as satisfactory on 71% of the projects surveyed in 2008, 23% as neither satisfactory nor unsatisfactory, and 6% as unsatisfactory. Of significance, the contractor satisfaction with the client was strongly negatively correlated with increasing contract size, and with higher dissatisfaction with public sector clients than private sector clients.

Contract procurement/ adjudication:

Contractors were satisfied with the procurement/adjudication processes on 74% of the projects surveyed, and were neutral or dissatisfied on 26% of the projects. There was no significant change in contractor satisfaction with the procurement/adjudication process between 2007 and 2008.

Quality of tender documents and specifications:

Contractors rated the quality of tender documents and specifications of clients as satisfactory on 71% of the projects surveyed in 2008, and were neutral or dissatisfied on 29% of the projects. This represented a slight decrease in satisfaction compared to the 2007 survey. There was no significant variation in contractor satisfaction between public and private sector clients.

Management of variation orders:

Contractors were satisfied with the management of variation orders on 66% of the projects surveyed in 2008, and neutral or dissatisfied on 34% of the projects. There was a noticeable difference between satisfaction with public sector clients (62%) and private sector clients (72%) - although there was significant variation in satisfaction across all project sizes.
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.
Profitability of projects has improved slightly over 2007, but prompt payment has deteriorated significantly, with around 7% of payments being delayed by longer than 90 days. Payment in the private sector is slower than the public sector.

Notwithstanding that the profitability of contractors on projects has increased, it is likely that the deterioration in prompt payment will begin to negatively impact on the longer term sustainability of contractors.
PROCUREMENT INDICATORS

General Conditions of Contract:

Around 20% of projects surveyed in 2008 were undertaken using contract documents other than those recommended in the CIDB’s Standard for Uniformity, or using general conditions of contract that were substantially amended.

Adjudication of tenders:

The dominant form of adjudication of contractors’ tenders was financial offer and preference in the public sector and financial offer only in the private sector. In total, preferencing was used in 80% of tenders in the public sector and 44% in the private sector. Quality (functionality) was used as criteria in the adjudication of tenders on 50% of public sector projects and 46% on private sector projects.
HEALTH & SAFETY INDICATORS

Health & Safety:

Construction related injuries and fatalities remains unacceptably high. Records of Health and Safety claims by the Federated Employers’ Mutual Assurance Company Limited (FEMA) for 2004 to 2007 (corresponding to the 2005 to 2008 surveys) show no significant change in the number of fatalities. Motor vehicles accidents continue to remain the singles largest contributor to construction related fatalities, accounting for around 50% of fatalities in 2007.

Profitability of projects has improved slightly over 2007, but prompt payment has deteriorated significantly, with around 7% of payments being delayed by longer than 90 days. Payment in the private sector is slower than the public sector. Notwithstanding that the profitability of contractors on projects has increased, it is likely that the deterioration in prompt payment will begin to negatively impact on the longer term sustainability of contractors.
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 CIIs (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 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></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 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></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 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></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 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></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>Apparently Defect Free</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Do you have any further comments?

   _____________________________________________

   _____________________________________________

   _____________________________________________