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 presented in this publication reflect selected indicators measured for projects completed in the 2009 calendar year. The responses were drawn from 434 client departments and 1053 contractors from across all nine provinces. 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%”:

As in previous years, while the overall performance results for the industry are encouraging, and overall show an improvement over 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 performance of contractors on 15% of the projects surveyed in 2010.
- Around 12% 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 obtained from clients on around 22% of the projects surveyed. A noticeable decrease in satisfaction was observed with increasing project size. Contractor satisfaction was lowest for regional/district council clients, followed by national departments.
- Contractors were neutral or dissatisfied with the management of variation orders on 26% of the projects surveyed. Contractors were least satisfied with the management of variation orders with the national departments, followed closely by the metropolitan councils and provincial departments.
- 48% of payments to contractors were made over 30 days or longer after invoicing; this shows a welcome improvement over the payment delays compared to the 2008 and 2009 results. Payment delays recorded in the 2010 survey were highest in the regional/district and metropolitan councils.
- Around 30% of projects surveyed in the public sector were undertaken using contract documents other than those recommended in the cidb’s Standard for Uniformity. Of significance is that around 60% of the projects on national and provincial departments were undertaken using contract documents other than those recommended in the cidb’s Standard for Uniformity.
- Safety on building and construction sites as well as transportation to the sites remains a concern.

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 they can improve their performance on future projects. These CIIs represent an aggregated industry view of the satisfaction of clients, contractors and the client’s agent.

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, as many clients are no longer awarding contracts on the lowest tender price, but also include 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 their competitors. Contractors will also be able to complete the projects in less time, at less cost and higher quality and adding value for money to the client and higher profit margins for contractors.

“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.
Performance of the agent / consultants’ team:
Clients were satisfied with the overall performance of the agent employed on 84% of the projects surveyed in 2010. On the other hand, clients were neither satisfied nor dissatisfied (i.e. neutral) on 14% of the projects, and dissatisfied remains unchanged on 2% of the projects. A noticeable decrease in client satisfaction with the client’s agent was recorded with increasing project size – which may reflect the complexity of larger contracts or may be attributable to the fact that clients may be more discerning on larger projects.
Performance of the contractor:
Clients were satisfied with the overall performance of the contractor employed on 85% of the projects surveyed in 2010 – up from 79% in 2008. On the other hand, clients were neutral or dissatisfied on 15% of the projects in 2010. Significantly, the level of satisfaction with the performance of contractors surveyed in 2010 was lower in the public sector than in the private sector – which is counter to that observed in previous years.
Construction schedule:
Clients were satisfied that contractors completed the project within the tendered construction schedule (excluding the impact of variation orders) on 82% of the projects, and were neutral or dissatisfied with the construction schedule on 18% of the projects. Significantly, there appears to be a sustained trend of increasing client satisfaction.

Quality of work delivered:
Overall, clients were satisfied with the quality of the completed work at handover on 86% of the projects, and were neutral or dissatisfied on 14% of the projects surveyed in 2010. Client satisfaction with the quality of work delivered continues to be the lowest in the residential building sector, followed by non-residential building. Client satisfaction with the quality of work delivered was highest in electrical, mechanical and civil works sectors.
Resolution of defects:
Clients were satisfied with the resolution of defective work during the construction period on 83% of the projects surveyed in 2010, and were neutral or dissatisfied on 17% of the projects surveyed. As with most aspects of client satisfaction with the performance of contractors, client satisfaction with the resolution of defects tended to decrease with increasing project size.

Level of defects:
Around 82% of projects surveyed in 2009 were “apparently defect free” or had “few defects” at practical completion / handover, 10% of facilities had “some defects”, and 2% had “major defects” or were “totally defective”. The level of defects however suggests a sustained improvement over the years.

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

While the overall results for client satisfaction are encouraging, and typically show improvement over previous years, client satisfaction with the performance of the client’s agents and contractors on 15% to 20% of projects surveyed is neutral or dissatisfied. These organisations should better manage their performance as it could substantially influence their ability to attract repeat business.
Performance of the client:
Contractors rated the performance of clients as satisfactory on 76% of the projects surveyed in 2010, 20% as neither satisfactory nor unsatisfactory, and 4% as unsatisfactory. The client satisfaction of 76% represents a slight decrease from the 79% surveyed in 2009. Contractors’ satisfaction was highest with public corporations and lowest with national departments, metropolitan councils and the regional/district councils. Of significance is that contractors’ satisfaction with clients decreased with increasing contract size.
Quality of tender documents and specifications:
Contractors rated the quality of tender documents and specifications of clients as satisfactory on 73% of the projects surveyed in 2010, and were neutral or dissatisfied on 22% of the projects. A noticeable decrease in satisfaction was observed with increasing project size. Contractor satisfaction with the quality of tender documents and specifications was lowest for metropolitan council clients, followed by national departments.
Management of variation orders:
Contractors were satisfied with the management of variation orders on 74% of the projects surveyed in 2010, but were neutral or dissatisfied on 26% of the projects. Contractor satisfaction with the management of variation orders suggests a sustained increase over time. In the projects surveyed in 2010, contractors were least satisfied with the management of variation orders with the national departments, followed closely by the metropolitan council and provincial department clients.

The quality of tender documents and specifications as well as the management of variation orders remain a matter of concern in the industry — and are likely to be a reflection of the procurement capability of clients and their agents.
Profitability:
Contractors achieved profit margins of greater than 10% on 54% of the projects surveyed in 2010, while 43% of projects surveyed were undertaken at profit margins of around 5% to 10%. Of the projects surveyed in 2010 only 3% made a loss. A noticeable increase in profitability is seen between the 2007 and 2010 surveys.
Payment of Contractors: In the 2010 survey, 52% of payments to contractors were made within 30 days of invoicing, 42% between 30 to 90 days, and 6% over 90 days – which reflects an improvement over 2008 and 2009. Within the public sector, regional and district councils were the slowest to pay contractors in the 2010 survey, followed by metropolitan councils, provincial departments, national departments and public corporations.

<table>
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<th>Year</th>
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<td></td>
<td></td>
<td>50%</td>
<td>10%</td>
<td>10%</td>
<td>30%</td>
</tr>
</tbody>
</table>

- **Private Sector**
- **Public Corporation e.g. ESKOM, ACSA**
- **National Department**
- **Provincial Department**
- **Metropolitan Council**
- **Regional / District Council**
Payment of Client’s Agent:
In the 2010 survey, 45% of payments were made to the client’s agent within 30 days of invoicing, 46% between 30 to 90 days, and 8% over 90 days. No significant improvement in the payment of the client’s agent has been observed since 2007. Within the public sector, metropolitan councils and provincial departments were the slowest to pay the client’s agent in the 2010 survey, followed by regional and district councils, national departments and public corporations.

Profitability of contractors on projects surveyed in 2010 has improved significantly compared to the 2008 and 2009 surveys. However, while it appears that there has been an improvement in prompt payments to contractors, 48% of contractors are still being paid over 30 days or longer. Payment delays to contractors were the highest in regional and district councils, followed by metropolitan councils and provincial departments.
**General Conditions of Contract:**

The results of the 2010 survey show that the contract documents used on projects undertaken by national and provincial departments were only in accordance with the CIDB’s Standard for Uniformity on less than 50% of the projects. Significantly, there was a very high level of compliance on projects undertaken by metropolitan and regional/district councils.

**Adjudication of tenders:**

The results of the 2010 survey show that quality (or functionality) was taken into account in the adjudication of tenders on around 55% to 70% of projects in the private sector, public corporations and national departments. Of concern is that quality (or functionality) was only taken into account in the adjudication of tenders in around 30% to 55% of projects in the national and, provincial departments, and metropolitan and regional /district councils.

The evaluation of quality (or functionality) in the adjudication of tenders in the public sector remains low.
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 2006 to 2009 (corresponding to the 2007 to 2010 surveys) show no significant change in the number of fatalities. Motor vehicles accidents continue to remain the largest contributor to construction related fatalities, accounting for around 35% of fatalities in 2009.

![Number of Fatalities Chart](chart.png)