

CUSTOMER FEEDBACK AND CONTRACTOR APPRAISAL IN CONSTRUCTION

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Customer feedback is widely used by organisations in most industries and in some, particularly organisations in the retailing and service sectors, is regarded as essential, yet in the construction industry its use is seen to be minimal. This paper reports on the findings of a study of construction clients in the United Kingdom, their experiences of and attitudes towards customer feedback, and their performance appraisal of contractors. The receptiveness of construction clients to feedback questionnaires is tested and found to be high, as is their desire to see feedback implemented more widely. The criterion upon which contractors are appraised are evaluated and the contrast between the clients perceived and actual priorities explored. The study identifies the extent to which construction clients actually appraise contractors, it also shows the extent to which clients produce and maintain performance records of contractors. The results indicate that clients are willing to provide such performance information to the contractors they employ.

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INTRODUCTION

Customer feedback is a crucial aspect of a customer orientated strategy, providing the essential information concerning the customer's needs and requirements. Customer orientation has been a prominent issue in business and management for sometime and has been widely recognised to provide a crucial contribution to the success of many companies (Peters & Waterman 1992). Kay (1993) identifies the relationship between an organisation and its customers to be one of the key strategic factors that contribute to the success of a business. In strategic terms, the understanding of the customers needs and values is crucial where organisations seek to differentiate themselves from their competitors. The growth of customer orientation in the management and operation of organisations continues across almost every industry, manifested in part, in the growth of relationship marketing as a strategic policy for many organisations Christopher & McDonald (1995) and in the closely related philosophy of total quality management. (Oakland 1995, Logothetis 1992). The trend by organisations towards customer orientation also extends to the public sector and government, with examples such as the Patients Charter now common. Customer feedback has become an important aspect of the operation of many organisations over the past two decades, especially those in the service sector where customer feedback is recognised as an essential contribution to the success of the business (Cram 1994, Jenkinson 1995). Establishing and developing a relationship with customers is vital, with an understanding of customers needs and values a crucial aspect of this. Importantly, Johnson & Scholes (1993) showed that customer needs and values extend beyond the product and its technology, which are the most easily imitable, to include the quality of service received, how they were treated, after sales service and the like. The most

direct and effective way to gain and develop an understanding of the customers needs and values is to ask, often through the simple mechanism of customer feedback and most often in the form of a questionnaire. Feedback questionnaires are now a commonly encountered feature in many aspects of life, from burger restaurants to buying new cars.

The construction industry also recognises the significance of the customer and customer orientated strategic management, in its report on marketing the Chartered Institute of Building, CIOB (1993) stated that contractors 'should be following the concepts of what is currently called relationship marketing' a strategy that it recognised as being customer focused and centred. Customers are central to the principles and techniques of relationship marketing, fundamental to these is knowing the customer's requirements. The concept of customer orientation through relationship marketing continues to develop, albeit slowly, many contractors still believing that marketing stops when the contract is secured and remains a process of selling rather than an ongoing process through to the completion of the project and beyond. (CIOB 1993) The necessity for construction firms to shift to customer orientation is succinctly stated in the conclusion to the CIOB report, 'efficient and effective marketing is vital for success and increasingly this will move towards relationship marketing, where the main determinant of client satisfaction will be expressive performance, i.e. the perception of how the service is provided.' Customer orientation appears in other initiatives in the construction industry, most recently in the development of partnering. (Reading Construction Forum 1995).

To ascertain the extent of the use of customer feedback questionnaires in the construction industry, the study undertook a survey of their use in the construction industry, this revealed a few schemes of customer feedback operated by individual firms, but no widespread use of feedback questionnaires.

A literature search from sources other than deliberate customer feedback systems, was undertaken to identify feedback regarding contractors performance. The search showed the overriding volume of literature expressed client dissatisfaction with contractors performance, almost none related to customer satisfaction with the construction industry or its contractors. The overall impression portrayed by the literature is one of client dissatisfaction, if the balance of literature can be presumed to provide a balanced perspective of client-contractor relations in the construction industry then customer satisfaction is very low. It is however, not a reliable substitute for first hand feedback from construction clients, consequently this study set out to determine the extent of feedback use and the willingness of clients to provide such feedback.

METHODOLOGY

The study was based upon a questionnaire administered to clients of the construction industry, 42 valid and completed responses were received, 22 public sector clients and 20 private sector clients. All were experienced regular clients of the industry who purchased a wide range of buildings from the construction industry. The clients originate across most regions of the UK, but with the largest proportion based in London and the South East of England. The questionnaire was developed to ascertain from these clients their attitude towards customer feedback and the performance appraisal of contractors. The questionnaire was started from a study of feedback questionnaires used by other organisations in the course of their dealings with

customers. These questionnaires established the form and focus of feedback questionnaires used in businesses that are strongly customer focused and provided the general basis for topics addressed in customer feedback questionnaires. The design of the questionnaire was supported by an extensive study of literature relating to customer feedback. Reference was made to three industry specific feedback documents, The Royal Borough of Kensington and Chelsea reference questionnaire, Hochtief UK sub-contractor/supplier performance report and the Client Image Survey used by Mansell.

The questionnaire was administered as a postal questionnaire, and contained a variety of questions, some requiring yes/no responses were used to establish factual and contextual information, others required a qualitative response based upon verbal indicators of importance and scored against a ten point Likert scale to allow statistical analysis. The opportunity to provide anecdotal and other information formed a prominent part of the questionnaire, to encourage respondents to elaborate on issues raised and to raise issues not included in the questionnaire.

EXPERIENCE OF FEEDBACK QUESTIONNAIRES IN THE CONSTRUCTION INDUSTRY

The responses to the questionnaire indicate that 86% of clients had never been asked to complete any form of customer feedback with respect to construction work, either from contractors or consultants. Of those who had received customer feedback forms, 10 respondents, 1 had received more than 10 forms, 4 between 2 and 9 forms whilst 2 had only ever received 1 questionnaire. Interestingly only 1 private client had received feedback questionnaire from construction organisations. The results reveal a very low usage of feedback questionnaires in the construction industry, particularly in comparison with their usage in other industries. The results do not however take account of non-formal feedback in the form of verbal feedback on a personal basis, which many construction firms would claim to be their main form of feedback from clients. Informal verbal feedback whilst useful cannot be as effective as a systematic formalised feedback, particularly in informing people throughout the organisation where it will be most effective.

PERFORMANCE APPRAISAL OF CONTRACTORS

Respondents were asked whether they undertook and maintained performance appraisals of contractors who worked for them, the results show that 67% did carry out such appraisals. The implications of this result for contractors is that clients already appraise the performance of contractors, and logically make decisions based upon them. It is therefore naive of contractors to ignore the existence of such information and poor business not to obtain the information through a feedback questionnaire or some other mechanism.

Analysis of the responses by category of client shows that a greater proportion of public sector clients carry out performance appraisals of contractors.

Table 1 Performance appraisal of contractors by clients

| | operated appraisal | did not operate appraisal |
|-----------------|--------------------|---------------------------|
| Public clients | 73% | 27% |
| Private clients | 60% | 40% |

Clients were also asked how many of these reports were forwarded to the contractors concerned, only 2 reports had been forwarded to contractors, both from public sector clients, with none from private sector clients. The reasons for this are not clear, the possibility exists that clients are unwilling to pass these documents to contractors, however the response to the question of whether clients would be willing to complete feedback questionnaires an overwhelming number, 98% stated that they would be willing to complete questionnaires, which tends not to support this possibility. Another possibility is that contractors have not asked for these appraisals and therefore have not received them, from the anecdotal evidence collected during the study, this unfortunately appears to be the case.

The study sought to determine the implications that feedback questionnaires would have, respondents were asked whether the image of a contractor would be enhanced if they offered a feedback questionnaire for completion. An overwhelming majority (86%) of clients stated that this would improve their perception of the contractor, with little difference between the strength of response for public or private sector clients.

Significantly, a large proportion of clients stated that they would use the feedback questionnaire to monitor the contractor's performance on any future projects, 64% of public sector clients and 80% of private sector clients would use the questionnaire for this purpose. The implication for contractors contemplating the use of feedback questionnaires, is that their use must be genuine and action must be taken in response to client comments in previous questionnaires, as clients are expecting these to be acted upon. In the event that the feedback questionnaire is just a paper exercise, a considerable loss of trust between client and contractor will occur, which will probably outweigh any advantage produced by the feedback questionnaire.

Clients in the study expressed a willingness to become involved in the performance appraisal of contractors and to provide feedback that could be positively used by contractors to improve their performance. 83% of clients were prepared to provide contractors with a performance rating for their overall performance on each project. The same proportion of clients were also willing to provide more detailed feedback with respect to performance, by providing performance ratings as to how well each of their performance objectives had been met.

A slightly smaller proportion, but still a majority of clients, 60%, were willing to provide comparative ratings, allowing direct comparison with the performance of other contractors for a particular client.

The issue of whether a performance appraisal would influence client's considering the contractors for future work was confirmed by 86% of clients who stated that this would influence their selection of contractors for tender lists and consideration for future work.

As a marketing tool, all clients stated that they would be prepared to provide references on the basis of the performance appraisal, a point that should benefit good contractors and motivate poorer ones.

Additional comments made by clients supported their willingness to become more involved with the construction industry through feedback questionnaires and performance ratings, one client considered that the practicalities would have to be agreed and defined, as and raised the instance of what would happen if the contractor disagreed with the appraisal, would this result in a protracted exchange of correspondence, or worse still - litigation.

A number of clients raised the issue of the receptiveness of contractors to feedback, clients pointed out that contractors were naturally defensive in their approach to clients and projects. Contractors will have to fundamentally change their attitudes if the benefits of customer feedback and greater customer focus are to be realised. Ultimately the greatest benefits from a customer focus will result from long-term relationships between client and contractor, in other words partnering, a philosophy that whilst attracting considerable interest in the construction industry has not achieved much penetration, in what is still an almost exclusively price competitive market.

CLIENT PRIORITIES FOR CONTRACTOR PERFORMANCE

The study went on to determine what client priorities were with respect to the performance of their contractors, and consequently what might be usefully be incorporated into a feedback questionnaire by contractors. A number of questions were asked covering a wide range of issues, questions were asked using verbal indicators to allow respondents to provide responses that were realistic and relative to the question and situation, and scored on a ten point Likert scale. Questions generally took the form of asking ‘how important’ a particular aspect was to the client, verbal indicators graduated from ‘unimportant’ through to ‘extremely important’. The average mean scores for the responses, scored out of ten are shown in Table 2.

Table 2. Importance to clients of aspects of contractor performance

| | | |
|--|------|------|
| 1. Quality of finished product | | 8.63 |
| 2. Standard of workmanship | | 8.57 |
| 3. Punctuality of completion | | 8.49 |
| 4. Site safety | | 8.46 |
| 5. Progress of the works | 8.37 | |
| 6. value for money | | 8.29 |
| 7. Financial stability of contractor | 8.12 | |
| 8. Response to defects | | 8.03 |
| 9. Standard of site supervision | 7.95 | |
| 10. Quality of design (where applicable) | 7.85 | |
| 11. Mitigation of delays | 7.83 | |
| 12. Technical ability | | 7.68 |
| 13. Contractor's attitude towards claims | 7.66 | |
| 14. Attitude of management and site staff | 7.55 | |
| 15. Quality of time management and progress | 7.54 | |
| 16. Ease of settlement of final accounts | 7.37 | |
| 17. Quality of records and documentation | 7.12 | |
| 18. Standard of contractor's administration | 6.98 | |
| 19. Quality management procedures | | 6.38 |
| 20. Attitude towards racial equality and sexual issues | 6.11 | |

The results do not show a significant difference in the importance that clients place upon many of these aspects, however they do clearly identify the issues upon which clients would monitor contractor's performance and which contractors should actively seek to monitor, manage and improve.

The responses do produce some interesting results, quality is the aspect given greatest importance by clients, 'quality of finished product' and 'standard of workmanship' received the greatest scores, albeit only marginally greater than time and value for money.

Clients were prompted to identify aspects of contractor performance that went beyond those aspects included in the questionnaire. The responses provide an interesting insight into the desired performance of contractors required by clients, they reveal an emphasis upon good business relations and practices, which are often neglected in the turbulence of construction projects. The responses from clients in this respect are listed below.

- attitude and relationship with the general public
- cooperation and openness
- commitment to the project and the client
- attitude towards sub-contractors (presumably a positive one)
- experience and quality of sub-contractors used
- attitude towards training
- environmental considerations during the construction phase
- understanding the client's requirements
- ability to work as part of a team
- understanding of the client's business requirements from the project and ensuring the
- whole construction team understand
- getting the team to focus on the client's needs and requirements and not the contractor's
- own procedures and processes
- the ability to do what they say they will
- the ability to improve and work more efficiently

All the comments indict to a certain extent the quality of these aspects of management currently applied to construction projects, as with the lack of customer feedback there also appears to be a definite lack of customer focus by contractors. A number of these comments reveal a lack of understanding of the client's needs and requirements, together with a lack of appreciation of the business and the relationship of the building to it. Issues that have traditionally been regarded as peripheral to, or of no concern to contractors during the construction of a project, such as attitude towards the general public and environmental consideration, have been clearly identified by clients to be important. Reference is also made to an issue that has been raised in other studies, that of the contractor's ability to do what they say they will, or can do, an ability which has been called into question by a number of clients.

CONCLUSION

The study has shown that apart from a notable few contractors, the majority of contractors are not customer orientated to any significant extent, yet it also shows that clients, both public and private sector, would welcome the opportunity to provide feedback to contractors. Most of the clients in the study already undertook and maintained performance appraisals of the contractors who work for them and would be willing to share that information with the contractors concerned. The basis upon which clients monitor contractors performance includes all the aspects of time, quality and cost normally expected, with a slight prominence for quality. Clients have also identified a number of business focused considerations, such as the attitude towards the general public, the environment and others, to which contractors should also pay attention.

Overall, the study suggests that contractors should become more customer focused and as part of that genuinely seek feedback from their clients and to act upon it. An important first step would be to refer to employers as 'customers' rather than 'clients'.

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