

## **CUSTOMER SATISFACTION: CONTRACTOR'S PERSPECTIVE**

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### **ABSTRACT**

One of the most effective ways for contractors to differentiate their firms from the competition is their ability and commitment to establish criteria, measure, and maintain a positive relationship with project owners by placing customer satisfaction as the priority in any project. This paper suggests the necessary steps that a contractor needs to undertake in order to initiate and maintain a successful customer satisfaction program. Topics discussed are designed around the owner/contractor relationship in general and are not pinpointed to any particular market segment.

### **KEYWORDS**

Customer Satisfaction, Construction

## **1. INTRODUCTION**

We are in the age of the ‘never satisfied customers.’ They are demanding more, sooner, better, cheaper, and they have an ever-increasing number of choices. Successful contractors have come to realize that in the crowded marketplace the key to competitiveness is uniqueness. As delivering customer satisfaction is at an early evolutionary stage in most construction companies, there is a great deal of opportunity for companies not yet concentrating on customer satisfaction to initiate successful programs. Some of the most puzzling questions facing contractors are: How can we delight today’s customers? How can we satisfy tomorrow's?

This paper outlines the necessary steps that a contractor needs to undertake in order to initiate and maintain a successful customer satisfaction program. These steps are identified as: (1) Understanding the concept of customer satisfaction; (2) Identifying factors that influence customer satisfaction; (3) Measuring customer satisfaction; and (4) Translating measurement data into action. Topics discussed are designed around the owner/contractor relationship in general and are not pinpointed to any particular market segment. The purpose of this paper is to create an awareness of the importance of achieving the highest possible level of satisfaction. The objective is to provide insight relative to the issue of customer satisfaction as a component of quality in the construction industry.

## **2. STEP 1: UNDERSTANDING THE CONCEPT OF CUSTOMER SATISFACTION**

There is a great deal of inconsistency and ambiguity in the usage of the term customer satisfaction. For the purpose of clarity, a customer in most industries is referred to as a one or two time buyer of products or services and a client is usually a repeat customer that receives added values. This paper will use the two terms, client and customer, synonymously. On a typical construction project, a contractor is dealing with a number of different customers including its own employees, subcontractors, suppliers, architect, building officials, and the end users, to mention

but a few. In this paper, our discussion is focused on the perhaps the most important customer of all, the project owner or the sponsor of a project.

Providing superior quality is rapidly becoming the way for construction companies to differentiate themselves from competitors and win more projects. To meet this quality challenge, many companies are adopting new management practices that focus on the continuous improvement of product and service quality. There is ample empirical support for quality as an antecedent of customer satisfaction (Anderson et al, 1994). Theoretical framework presented in this paper views customer satisfaction and quality as distinct, however, closely related concepts. Intuitive logic says the higher the satisfaction level, the better the product and service.

We define customer satisfaction as the result of customer's subjective evaluation of the extent to which the built facility and service received fulfill the set of expected needs and wants. When offering a product or service, the minimum objective of any organization is to provide what is expected. Being able to supply what customers want is not something which can be left to chance-it requires management. The ultimate goal for any business is to consistently satisfy customers' expectations. This is a message that company leadership needs to communicate and it needs to be embraced by all employees in order for company to excel.

Customer satisfaction takes many forms, most of which are perceptions. The key to understanding the concept of the customers' perception is that their perceptions are usually reality and their perception is the only one that counts. The ability for players on the project to capture the "age old" concept that the customer is always right often results in far less arguing and discontent as the project progresses. The client wants solutions, not conflict.

### **3. STEP 2: IDENTIFYING FACTORS THAT INFLUENCE OWNER SATISFACTION**

Obtaining a delighted customer is not an easy task. A typical construction project is a highly complex product that has numerous disparate qualities. What combinations of features or characteristics distinguish a "poor" project from one of "mediocre quality" or "excellent quality"? Also, which of the service attributes does the customer perceive to be more important? If a company knows how the attribute of a product or service affect customer satisfaction, the challenge of building market share would involve modifying current products and services in such a way that they would receive maximum customer satisfaction evaluation. These attributes need to be identified by contractor up front preferably before signing a contract with the owner.

Literature on customer satisfaction suggests that the primary antecedents of satisfaction are product and service performance and the customers' expectations regarding that performance (see for example Johnson and Fornell, 1991; Anderson et al, 1994). According to that paradigm, when purchasing a product/service the customer forms expectations concerning the future performance of the item. As the product/service is experienced, the customer compares the quality of performance to his/her expectations. If the product/service performs as well as, or better than, expected the customer will be satisfied. If, however, performance is below expectations, dissatisfaction will result.

This suggests that it is of utmost importance for the contractor to fully understand owner's expectations in order to devise appropriate strategies for meeting these expectations. Also, in cases when some of the owner's expectations, in contractor's view, are set at unrealistically high levels the contractor should openly communicate these concerns to the owner. In simple terms, the contractor should attempt to convince the owner that it is unrealistic to expect Rolls Royce performance when purchasing a Chevrolet.

In a recent survey 96% of the client/owner respondents categorized their projects as a success, yet nearly half said their buildings were late and nearly a third were over budget (Post, 1998). This clearly indicates that owners are using criteria other than 'on time' and 'within budget' as yardsticks of success. There is, however, no universally accepted set of attributes that are considered to be important in shaping owner's satisfaction. Rather, we are dealing with different sets of criteria each of which is designed to specifically address conditions/ scenarios under which a given project is undertaken. Factors such as particular industry segment/ type of project/ location/ owner/ market conditions, to mention a few, need to be taken into consideration. One example of successful application within the homebuilding sector can be found in Torbica and Stroh (2000, 2001).

Some of the common attributes that are applicable across a wide variety of projects can be identified and are listed below. It is up to the contractor to select and expand that list with elements that may be appropriate for a specific project circumstances. These factors include but are not limited to:

- the professionalism displayed by the site staff and craft;
- attitudes and level of cooperation of the contractor and subcontractors;
- teamwork displayed by all;
- site housekeeping, including the site office;
- level of safety awareness of the staff and craft observed by the owner;
- degree of craft “delay” time observed by the owner;
- responsiveness to the owner’s needs, suggestions, and complaints;
- ability of site management to make decisions;
- the quality of workmanship;
- the quantity of punch list items;
- quality of procedures and documentation;
- implementation of suggestion and feedback programs;
- morale of the staff and craft observed by the owner;
- adherence to rules and regulations;
- responsiveness to warranty items;
- claims and litigation;
- the end-user’s satisfaction.

According to Haransky (2000), there are 10 “deadly sins” that ultimately reduce client satisfaction. These include:

- project team member changes;
- multiple contacts for the client representative;
- schedule delays and missed milestones;
- overdesign;
- negative approaches to problems;
- low-quality product;
- slow response to construction questions;
- slow review of submittals;
- weak leadership;
- absence at final completion.

Without detail discussion on each of these, one can easily testify through experience that any combination of the above can fragment the construction process and jeopardize the owner/contractor relationship.

If the project is of a partnering arrangement between the owner, contractor, and some other project participants, it is imperative that Key Performance Indicators (KPI) be identified through teambuilding exercises. This enables the contractor to capture those issues that the customer values as key to success and provides a tool to measure and receive feedback for improvement efforts throughout the life cycle of the project.

#### **4. STEP 3: MEASURING CUSTOMER SATISFACTION**

It has been said that one cannot manage what cannot be measured. Measuring is simply a good foundation of management practice. Satisfaction in itself is a subjective matter. It is an opinion and is personal. Yet true, it still must be captured in order to benchmark or establish a baseline from which to improve upon. Measurement itself does not cause improvement, but merely establishes a point for gaining new knowledge. It is the path forward that the improvements originate from. Measuring customer satisfaction has a number of benefits, including (Love and Holt, 2000):

- ensures that customer requirements are being met, and if not, why?;
- gives an indication of the cost of poor quality;
- provides the contractor with customer’s perceptions of project performance;
- paints a true picture of the customer’s perceptions otherwise not stated;

- indicates the contractor's management of resources;
- helps identify quality problems and those requiring attention;
- establishes another avenue of measurement to compare against existing ones;
- provides a yardstick for one's own performance;
- provides feedback for driving the improvement process.

Recently a number of companies have begun to create new performance measurement systems that supplement and extend the more traditional financial measures of company performance. In response to changing markets, and concerns about a "short-term orientation," these companies have begun to use, so called, "soft" performance measures, such as quality and customer satisfaction (Eccless and Pyburn, 1992). A recent survey (Satisfied, 2001) reveals that more general contractors have replaced net income and gross profits with customer satisfaction as the leading indicator of success and that net income and gross profits depend on keeping the customer happy.

The most common and practical method of measuring customer satisfaction is in the form of surveys. Surveys offer the most efficient and objective means of assessing satisfaction. There are many types of surveys and methods of developing and administering surveys. Generic formats can be purchased and administered by the contractor's own personnel or a consultant type, or, preferably, one can create their own survey tailored to meet the specific needs of the project. Many of these types of surveys usually have a number of questions with each response rated on a scale from "does not meet" to "exceeds" expectations and since they are administered to a few numbers of individuals, the statistical concepts "confidence interval" and "margin of error" need not apply. Dickey (1998), for example, has provided an excellent guideline for developing an in-house customer satisfaction measurement system.

Then the question becomes one of how to administer the surveys and how often to conduct the surveys. There are generally two ways to administer; one being a face-to-face with the interviewer asking the questions and taking notes, while the other being to mail the survey allowing the respondent complete it at his/her convenience. The latter is the preferred method because this allows the interviewee to usually remain anonymous and reveal perceptions that would otherwise not be disclosed. The frequency of conducting surveys is a matter of preference and is determined by the length of the project. If results and improvement trends are to be included in any monthly reports, then they should be conducted monthly. However, it has been recommended that surveys should be conducted every 60 to 90 days during the project, and one year and five years after completion (Zbranek, 2000).

## **5. STEP 4: TRANSLATING MEASUREMENT DATA INTO ACTION**

As previously discussed, customer satisfaction has become a leading indicator of success and a method of measuring and tracking satisfaction is through the use of client surveys. The initial survey establishes the baseline in which to track against. However, the baseline is meaningless unless some effort is put forth to formulate and implement an improvement plan. An ideal approach is for the project management team, as a consensus, to establish an overall rating percentage goal to be achieved by a given point in time. For example, if questions are rated on a scale of 1 to 4, with 4 meaning "exceeds expectations", then an overall goal of 3.5 may be established. Results of each survey will clearly indicate the opportunities for improvement. It is then the responsibility of the project manager, or a designated team, to address each issue and identify possible improvements or action plans for each category or question on the survey needing attention.

After identifying an action plan, the process can be repeated throughout the project, with sequential surveys and action plan development. It is not an easy task to maintain such a measuring system and execute the action plan, with the already increasing demands placed on management, but the overall objective of positioning one's company in the market by differentiation must always be the driving motivation.

## **6. CONCLUSION**

It cannot be said enough how important customer satisfaction interrelates with business success. Each of the four steps discussed is essential for the success of customer satisfaction program. If any of the steps is missing, the program is heading to failure and disappointment. Without understanding customers and their needs, there can be no customer satisfaction. The constant focus on satisfying customers and measuring their satisfaction breeds the leaders in today's construction industry. The key to success is optimizing the customer's satisfaction.

The differentiator between contractors is the ability to focus and act upon the customer's needs. It is far more advantageous for the contractor to listen to the client's needs than it is to solely focus on contractual terms. And, by increasing customer satisfaction the contractor is developing a relationship of trust, which can lead to repeat business. After all, the client prefers a lasting relationship as opposed to going through the learning process of new contractors on each project. They are looking for those contractors that are willing to go the extra mile to place an emphasis on satisfying their needs.

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