

# Improving customer experience in Building Consent and Inspection Services

Annual study of customer experience with building consent and inspection services is helping participating councils to set priorities for improvement.

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Although building consent and inspection services continue to place significant demands on local councils, there is now evidence that the investment made by some councils during the past few years to improve service has begun to pay-off. In this, its third year, CTMA's annual customer experience study of building consent and inspection services is now showing improvement in overall customer satisfaction.

This improvement appears most evident amongst councils who have participated in the annual study, averaging an increase of 19 satisfaction index points since 2007, compared to an average improvement of only 10 satisfaction index points amongst councils who have not yet taken part.

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*Each year the study provides an updated baseline for previous participants and valuable customer-driven insights for newly participating councils*

# Background

## An annual study, helping participating councils to set customer-driven priorities for improvement

In 2007, CTMA conducted a customer experience study for local government to establish a national baseline of customer satisfaction with building consent and inspection services. This was the first time such a comprehensive nationwide study of customer experience with building consent processes had been conducted in New Zealand. Since then CTMA has repeated the study each year to provide an update for previous participants and valuable customer-driven insights for newly participating councils.

### *Approach*

Customers are invited to take part in the study by submitting feedback about their experience of building consent and inspection services via a confidential web-based questionnaire hosted on CTMA's customer feedback website. Some participating councils also provide their customers with an option to submit their response using a mail-based version of the questionnaire, returning it directly to CTMA by FreePost.

Customers included in the study are those who have been directly involved in the process of seeking building consent or receiving inspection services during the year.

In addition to postal and email invitations sent to customers by participating councils, a number of professional bodies involved in the building industry encourage their members to take part. (CTMA would like to thank these organisations and their members for their participation and the insights they bring to the study).

### *Scope of the study*

The challenges that building legislation brings to councils are extensive and all cannot be resolved from the findings of an annual study. However, this study does provide an indication of how the process is regarded by one of the key stakeholders – the building industry. In doing so, the study provides councils with a valuable focus for prioritising their investments in service improvement initiatives.

Since 2007, responses have been received from customers of 43 separate councils. Respondents include builders (large and small), architects, building consultants, project managers, developers and home owners.

For each participating council, the study examines four perspectives of the building consent process and inspection service performance:

- ☐ **Overall customer satisfaction** with the building consent process and inspection services and the impact on strategic outcomes
- ☐ **Problems experienced by customers**, identifying specific areas of poor performance and sources of customer dissatisfaction
- ☐ **Customer behaviour (when things go wrong)**, identifying key aspects of customer complaint and word-of-mouth behaviour amongst the council's customers
- ☐ **Response effectiveness**, providing a measure of the council's effectiveness responding to its customers when they make contact about problems and concerns



*In this, its third year, the study is showing an improvement in overall customer satisfaction with building consent services – most evidently amongst councils who have participated in the study*

# Major findings

Investments made by councils in the past few years to improve service has begun to pay-off

Building consent processes and building inspection services continue to place significant demands on local councils. The burden from increased regulation and accreditation, combined with the well-publicised quality issues in the building industry, has placed a significant strain on the allocation of council staff resources and their ability to satisfy all of their stakeholders.

Since 2007, CTMA has conducted an annual customer experience study of building consents and inspection services in New Zealand to help participating councils identify sources of customer dissatisfaction and set service improvement priorities. The nationwide approach to the study has also provided the opportunity for comparative measurements between councils.

## Overall customer satisfaction

Following a slight drop in customer satisfaction, detected in the 2008 study, there is now evidence that the investment made by some councils during the past few years to improve service has begun to pay-off. In this, its third year, CTMA's annual study of customer experience with building consent and inspection services is now showing improvement in overall customer satisfaction.

Notably, this improvement appears most evident amongst councils who have participated in the annual study. The average index of overall customer satisfaction amongst participating councils shows an improvement of 19 index points since 2007, compared to an average improvement of 10 index points amongst councils who have not yet taken part.

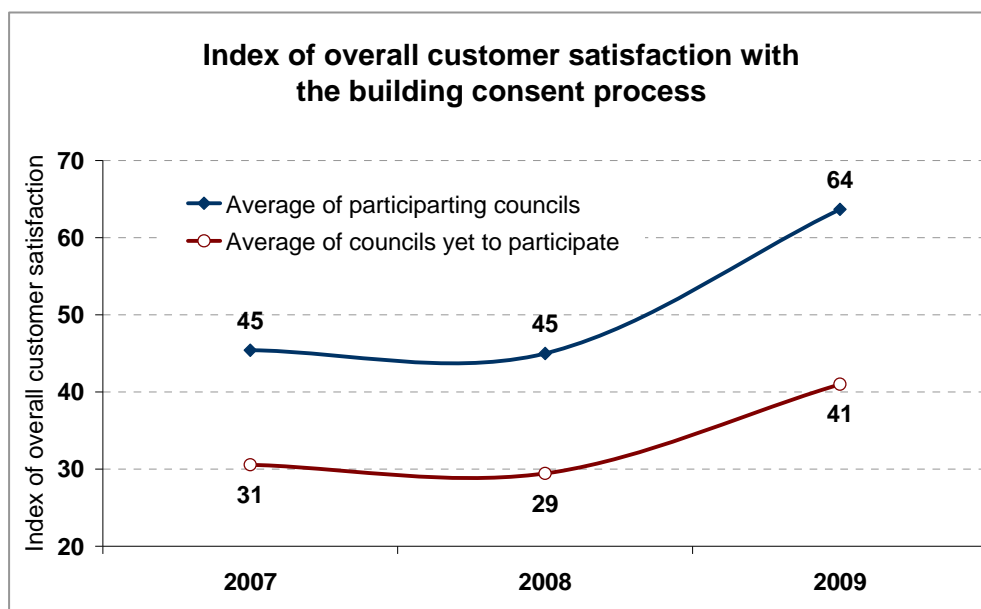


Figure 1. Improvement in overall customer satisfaction amongst the customers of participating councils compared to those who have not yet taken part

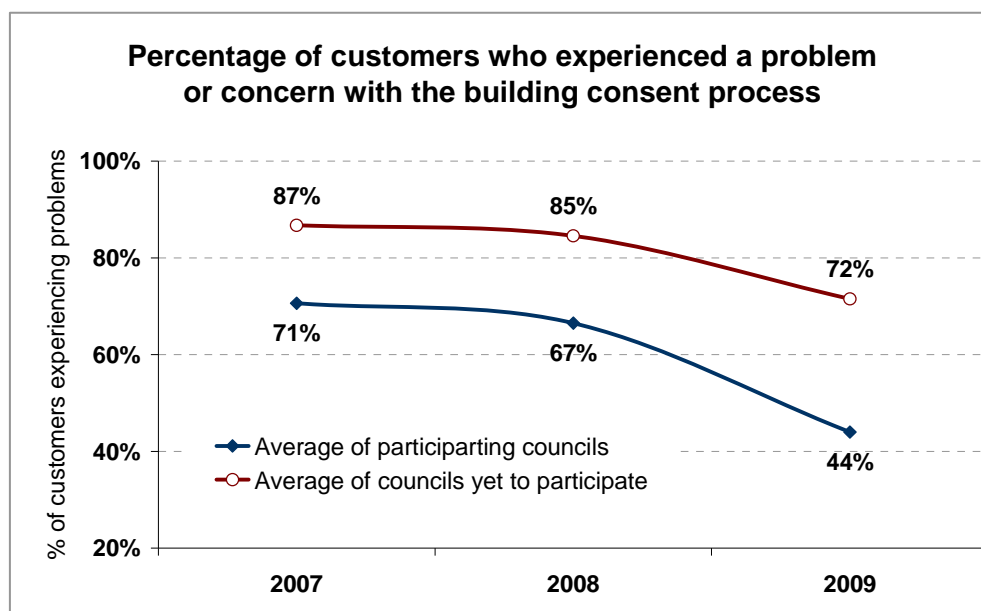
During the past three years, the study has helped participating councils identify specific opportunities for improvement within their own organisations and helped them prioritise where service improvement investments might yield the most benefits to their customers. Council-specific reports are helping to identify where limited resources might be allocated to address issues that have greater impact on strategic customer and council outcomes.

## Problem experience

*The most significant “points of pain” for customers involved issues that had a direct impact on the eventual cost of their projects and on the time taken to complete them.*

With councils and their customers adapting to the changes in building legislation and accreditation, the study observed a small drop in the number of problems experienced by customers in 2008 and an even more significant drop in 2009.

Again, this improvement appears most evident amongst councils who have participated in the annual study. Since the 2007 study, improvements at participating councils have brought an average reduction in the number of customers experiencing problems of 27 percentage points, compared to a reduction of only 15 percentage points amongst councils who have not yet taken part.



*Figure 2. Percentage of customers who experienced problems*

The specific types of problems experienced by the customers of each council vary. From the study findings, each participating council has learned of their own individual strengths and opportunities for improvement. This provides them with a focus for service improvement investments for the coming year.

### *Building consent process:*



Generally, the most significant “points of pain” for customers seeking building consents involve issues that have a direct impact on the eventual cost of their projects and on the time taken to complete them. This is evident from study findings regarding customer dissatisfaction with:

- Overall complexity of the process
- The time taken to process the consent
- Value for money offered by the council

However, the study has identified other more specific issues at individual councils, some of which have been more straightforward to address. These vary but include:

- Delays from additional information being requested after lodgement
- Apparent inflexibility of staff and a focus on less important issues
- Limitations in staff knowledge, experience and consistency

### *Building inspection services*

Generally, with building inspection services, customers are least satisfied with the value for money offered by the service. But again, specific problems vary from one council to another. Some of the key problems experienced with building inspection services included:

- Lack of consistency between inspectors
- Conflicts between approved plans and inspection interpretations
- Inconvenience scheduling inspections
- Delays issuing the Code Compliance Certificates



## Customer behaviour (when things go wrong)

CTMA's research shows that when customers experience problems or concerns, it is usually favourable for the customer and more cost-effective for the council to deal with the issues as quickly and professionally as possible. To achieve this, it is first necessary for the customer to actually raise the issue with someone at the council who can resolve it.

When problems and concerns arise, building consent customers appear to be much more willing to seek help from the council than customers in other industries. Typically, more than 60% of building consent customers who experience a problem or concern contact someone at the council for help. (In other industries this is typically as low as 5%).

However, the study demonstrates significant negative word-of-mouth arising from building consent customers who choose not to raise the issue with the council, but instead tell an average of nine other people about the problem they experienced.

The reasons given most often for not raising issues with the council were:

- I didn't believe anything would have been done
- I was afraid it may have delayed or affected the outcome of my application / project
- I found the process of getting help too difficult

## Response effectiveness of councils

*Although more than 60% of customers who experience a problem or concern now bring the issue to the attention of the council, fewer than 9% are "very satisfied" with the outcome.*

It is therefore generally in a council's interest to encourage its customers to contact them if they have encountered problems or concerns, as long as they have an effective response process in place.

Unfortunately, for those customers who do seek help from the council with problems and concerns, fewer than 9% are "very satisfied" with the outcome.

Customers who are dissatisfied with the outcome tend to tell twice as many people about the problem and the way it was handled (an average of 12.8) than satisfied complainants, who only tell an average of 6.4 people.

The study has identified that there is considerable opportunity for improvement in the area of issues resolution and complaints handling at many councils.



# Impact of poor service

Poor service can lead to loss of customer support and increased costs to councils.

*Customer dissatisfaction and the problems that can occur with building consent and inspection services can lead to increased costs to councils arising from reduced customer co-operation, increased complaint-handling, customer disenfranchisement and increased compliance costs.*

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The study found that those customers who were “very satisfied” with building consent and inspection services are more likely to believe that (i) the council “helped them achieve a more successful outcome to their project”, and that (ii) building legislation “helped them achieve a safe and durable structure”.

However, the study found that these desirable strategic outcomes quickly become undermined as soon as customers experience dissatisfaction with building consent and inspection services. When customers are less satisfied, the study found a significant drop in support for the council, negatively impacting a number of key social and economic outcomes.

For example, the ease of doing business with a local council appears to be having an increasing influence on builders and developers when making regional investment decisions, with some respondents stating that they plan to never again develop in some areas.

Also, difficulties encountered in the consent process and, in particular, a failure to see value-for-money for the services provided by the council may lead to some smaller projects being undertaken without applying for the necessary consent. (Some respondents stating that the costs are discouraging owners from applying).

The 2009 study shows that customers who experienced problems with the building consent process showed a significant drop in advocacy, loyalty and support:

- 22 point drop in advocacy for the area for development investment
- 11 point drop in belief that the council contributed to their success
- 15 point drop in belief in the legislation meeting its primary objective

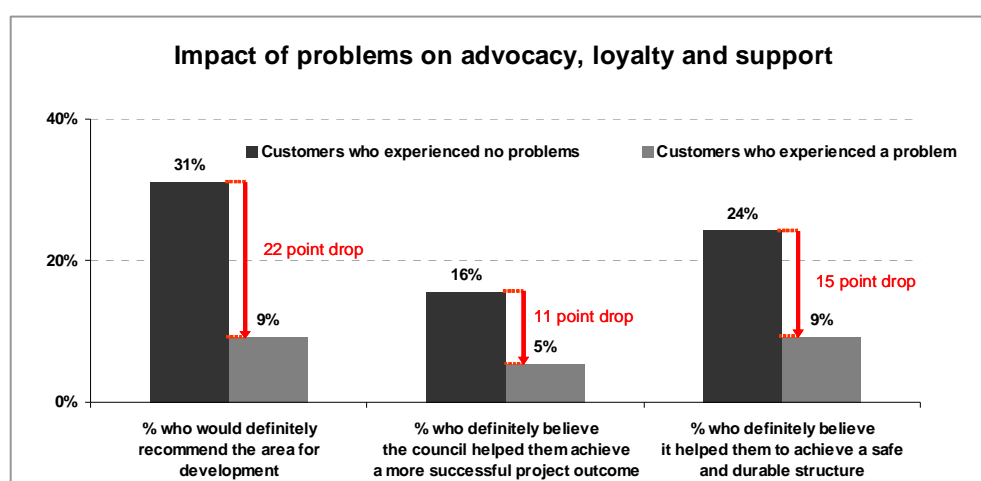


Figure 3. Impact of problem-experience on customer advocacy, loyalty and support





# Next steps

## Moving from satisfaction measurement to taking management actions

*CTMA has found that organisations who achieve most success managing customer satisfaction are those who track and measure customer satisfaction on an ongoing basis and integrate the results into their ongoing performance management processes.*

Since 2007, this annual study has continued to provide participating councils with a valuable baseline and set of council-specific priorities for service improvement. The findings can be used to help develop a series of strategic and tactical initiatives focussed on improving customer satisfaction, advocacy and support for the councils' role in helping their customers comply with building regulations and obtain a more successful outcome for their construction projects.

However, the challenge is to take council-wide improvement initiatives and then manage their effective deployment at the individual process and council-officer level.

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## Ongoing tracking and management of service improvement

In addition to the annual study, CTMA has launched an ongoing satisfaction-tracking programme for councils. The programme serves as a management tool to help individual councils manage the service-quality of their building consent processes. The programme consists of a short one-page questionnaire that is sent to customers as soon as their building consent has been issued. For each council, depending on response volume, the programme can report monthly or quarterly to the level of individual consent type and building consent officer. Council management can then identify strengths and improvement opportunities for individual members of staff, identify opportunities to improve service and address issues that apply to specific consent types and processes.

## Next national baseline study

CTMA will be conducting a further update study towards the end of 2010. The study will again help participating councils identify sources of customer dissatisfaction and set service improvement priorities. Councils wishing to participate in the 2010 National Customer Experience Baseline Study of Building Consents and Inspection Services should contact CTMA for registration details.

### CTMA New Zealand Ltd.

CTMA is a service quality improvement firm that provides a range of consulting and research services to help organisations build loyalty and advocacy by improving service to customers.

CTMA has been working with individual councils in New Zealand since 2002 to develop cost-effective management tools to monitor and support the ongoing management of customer processes such as requests for service, building consent applications and inspection services.

In addition to its client-specific services, CTMA also conducts benchmarking and best-practice studies to help public and private sector organisations develop their customer relationship strategies.

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