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Why Project Close-Out is a Process, and not a Time Period

Project Close-Out is actually a process that needs to start from the beginning of a Project. It is not something to bother only at demobilization stage. Successful close-out requires forethought and preparation, as well as continuous work throughout the Project. Unfortunately too many organizations don't appreciate this approach, which leads to painful and costly closures of Projects and retentions of moneys from the Clients. This White Paper explains in detail how Project Close-Out should be organized as a process.

Introduction: Why Project Close-Out is a Process

A successful Project Close-Out is a process that needs to start at the beginning of the Project. Project Close-Out importance is often too disregarded. We believe that a properly organized and driven close-out can be a substantial source of savings and can avoid substantial liabilities to the organization. It therefore needs to be executed properly and with the right level of urgency and focus.

The Project Close-Out phase itself is an important moment for Project Control. It is the moment where all the good work carried out during Project execution should bear fruit, in particular in the area of contract management (Claims and Change Orders final negotiation), cost control (cost close-out and final reconciliations) and documentation preparation (as-built and quality records).

The Project Close-Out Process Starts from the Project Start-up Onwards

The Project Close-Out as a process must be conceived and triggered from the very beginning of the Project.

Project Close-Out Process at Project Start-Up

Some essential close-out planning and requirements are to be incorporated from the Project Start-up:

- Requirements to suppliers and contractors regarding format and timing of as-built drawings and provision of quality records,
- Policy regarding retention on suppliers' and contractors' payment linked to the provision of final documents,
- Organization of the archiving of the Quality Control certificates and activities in particular when activities happen in remote areas,
- Agreement with the Client on the as-built and final documentation lay-out, formatting and referencing,
- Organization of a separate document archiving centre according to the final documentation format.

Project Close-Out process from Engineering to Construction Stage

During the course of the Project it is essential to close out external contracts as soon as they are completed to avoid having them linger over time.

Delays in closing contracts upon completion of the work will create uncertainty on the forecast. Because of the team turnover it will also lead to loss of control as the memory of the events might be lost.

A comprehensive close-out process for all external contracts and purchase orders must thus be put in place, with a maximum timeline. This timeline should be monitored by the Procurement department.

Final contractual close-out should always be accompanied by a formal certificate signed by the supplier or contractor and

certifying that final reconciled amounts have been agreed, and including a commitment that no further claim will be raised against each other for the work (outside the specific case of warranty).

A check point when anyone is demobilized from the Project team should relate to the close-out of the contracts she has been working on.

As-built documentation and final documentation continuous production

As-built documentation is an essential Project deliverable for the Owner and the future operator. Substantial payment is often tied to its delivery and acceptance. It is important to plan the production of these documents early on the Project, at least in terms of format and table of contents, so that the relevant information can be captured progressively as the different components of the facility are manufactured. These detailed requirements must also be transmitted to suppliers and contractors preferably before their award.

While it is not per se a Project Control responsibility, lack of finished As-Built documentation can be a significant hurdle for final payment and can create significant additional cost and time at Project close-out stage. It is thus wise that the Project Control Manager ensures that this background task of information capture and retention happens smoothly and regularly.

Project Close-Out Phase planning during Construction

The final Project Close-Out phase should start to be prepared when Construction activities are under way. In large Projects, it is not uncommon to start intensive final close-out preparation at least 6 months prior to Project completion, or even earlier if there is a substantial demobilization of the engineering team.

Do not underestimate the importance of the soft side of Project close-out

Substantial planning is required in particular in the following areas:

- Project Management Team demobilization plan, and related changes of assignment of responsibilities,
- Main worksites (own and contractors') demobilization and reinstatement as required, including personnel and equipment, with a particular focus on rented equipment and surplus material,
- Risk closure and cost contingency release strategy,
- Allowances and contingency run down plan,
- Cost Work Packages progressive closure,
- As-built documentation generation and hand-over,
- Production of an internal Project close-out report detailing the experience and lessons learnt on the Project,
- Detailed lessons-learnt capture process,
- Formal close-out process with vendors and contractors, which should start progressively as soon as their services are fully rendered (including delivery of documentation),
- Formal hand-over and close-out process with the Client/ Owner, including management of punch lists and carry-over work if relevant,
- Formal handover of remaining liabilities (e.g. warranty) to the designated part of the organization for long term management.

A successful Project Close-Out is a process that needs to start at the beginning of the Project

Close-Out Phase Execution

It is in the close-out phase that the commercial activities (Claims and Change Orders management) will be the most active with both vendors, contractors and Client / Owner. Some of negotiations might have very substantial impact on the Project numbers, create positive or negative surprises and this cannot be fully avoided but should remain marginal – and rather only limited positive surprises - if the Project Control process has operated properly. Adequate comprehensive documentation and recording throughout the Project are factors that will facilitate resolutions of these final negotiations in favour of the Project.

Handover of the Remaining Project Liabilities

Upon completion of the close-out, some liabilities will remain with the organization, including in particular contractual warranty commitments. The final acceptance of the works may only be given several years after the end of the Project itself. Insurance claims' resolution might also exceed significantly the closure of the Project itself.

It is essential to transfer a comprehensive file, including all relevant archives that might be required in case of a warranty claim.

Proper Closure of the Project as a Human Adventure

A Project is a human adventure. People have toiled together to create something unique and often extraordinary. They might have suffered along the way. It is a significant chunk of their professional life.

What people remember from an experience is often how it ended. It is essential to make sure that people depart from the Project with fond memories of companionship.

A key component of successful Project close-out is therefore the organization of a send-off party and the provision to team members of some memories in the form of tokens, trophies, or even a special Project book. The community may be maintained on social networks in a more or less organized manner.

Do not underestimate the importance of the soft side of Project close-out – it is often the foundation for a community that will work again and keep in touch in the years to come.

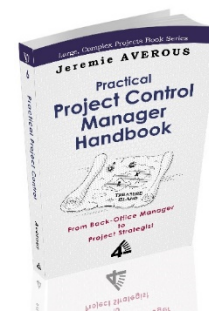
Conclusion: Project Close-Out, an essential success factor

Project close-out is a process that starts at Project start-up. This is an essential truth that needs to be understood and promoted by the Project Control Manager. Project Close-Out must be organized and executed properly to ensure that no undue liabilities will remain that might tarnish the success of the Project.

Do not forget the soft power side and organize a proper celebration and community building event so that people keep fond memories of the Project!

Find all these principles of Project Control Management exposed in a comprehensive manner in our new Handbook,
[Practical Project Control Manager Handbook](#)

(now published, available in [Paperback](#) and [Kindle](#) versions!)



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