

# Project Closeout Management<sup>1</sup>

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## Introduction

Nobody gets excited about project closeout management. That isn't to say that nobody wants to complete their projects, or that people don't want to judge how successful projects have been. It's just that the associated routine (or process) and paperwork never seem as important as the myriad of other things that a project manager and her team must do as a project, or a stage of one, is being closed. The work has been done, the customer has what he wants, and everybody's mind is moving on to the next project or challenge.

Project managers, project sponsors, and project team members alike will readily acknowledge the importance of project closeout management. The logic is unassailable. If adequate product records are not kept, whole-life costs of the product are likely to increase. If there is no deep and thorough understanding of where reality has diverged from plans, there is little hope of making better plans next time. If time is not taken to reflect on the lessons of the past, the likelihood is that similar mistakes will be made in the future. If project relationships are not brought to a satisfactory closure, unresolved issues and resentments may smoulder beneath the surface, ready at any time to erupt with unpleasant consequences. And yet none of these arguments is enough to change people's attitudes toward and responses to project closeout management.

This paper will review the following:

- ✓ The activities that project managers generally advocate should be a part of project closeout management.
- ✓ Why project closeout management is vitally important to every organization that undertakes projects.
- ✓ Factors that prevent organizations from managing project closeout effectively.
- ✓ A new perspective on project closeout management—its function as a part of a knowledge management system.
- ✓ Steps that organizations can take to improve the practice of project closeout management.

## Project Closeout Management Activities

Although each of the different project management “bodies of knowledge” refer to “closeout,” “commissioning,” or “handover,” the general lack of interest in project closeout is typically mirrored in textbooks about project management. Look through the index of a project management book for the words “closeout,” “project completion,” or “post-implementation review,” and there is a good chance you will come up with a blank.<sup>2</sup>

Where reference is made, however, there is general agreement on the kinds of activities that should be undertaken. In this section, we will consider them under the seven following topics (see Figure 1):

- Finishing the work
- Handing over the product
- Gaining acceptance for the product
- Harvesting the benefits
- Reviewing how it all went
- Putting it all to bed
- Disbanding the team (ending relationships)

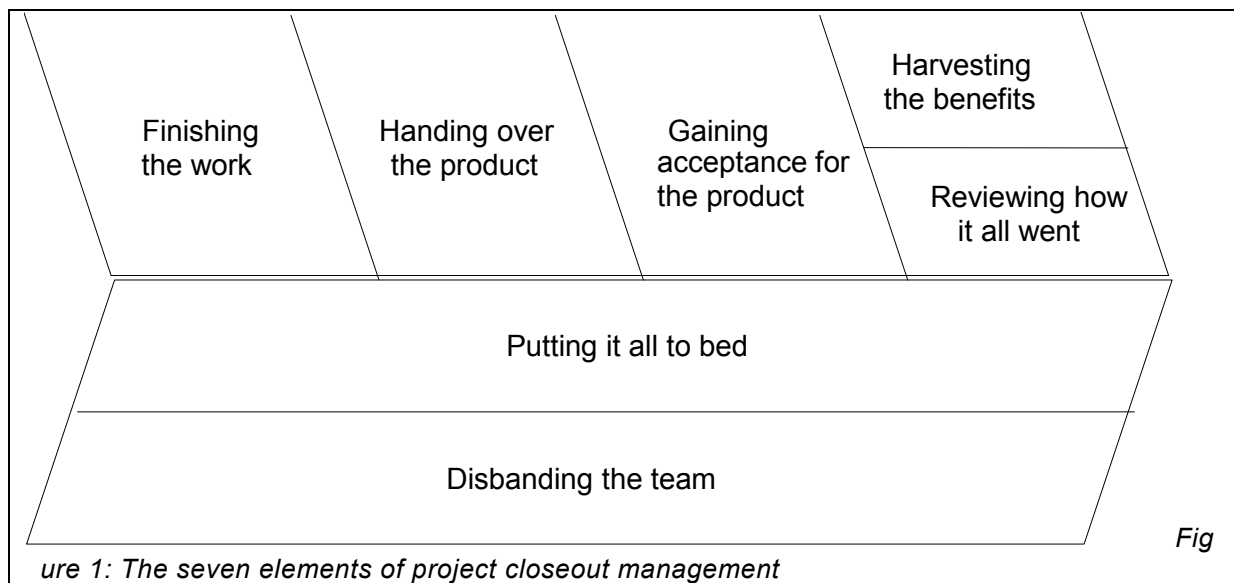


Figure 1: The seven elements of project closeout management

### Finishing the work

As the project nears completion, there is a natural tendency for members of the team to do sufficient work to meet time and *de facto* quality standards, while leaving a number of small elements of the work outstanding. There may also be issues that have emerged at various times during the life of the project and have yet to be resolved. An orderly closeout requires that some kind of checklist of these tasks and issues be prepared and used as a control mechanism. Such short-term activity lists are sometimes referred to as *punch-lists*.

### Handing over the product

Whatever the nature of the project, some form of “handover” will be required. In the case of large items of capital equipment, it would be unthinkable to let the handover take place without careful planning, and this same care is often required on projects of all types. The managers or end users of the product (or providers of the service) that has been created or modified in the course of the project won’t share the same insights and knowledge about it that the project team has generated. Handover includes not simply the transfer of the physical deliverables, but also the training of users, the sharing of technical designs and important design concepts, the provision of drawings and specifications, and much more besides.

## Gaining acceptance for the product

Projects need a clear cut-off to signal the end of handover and the transfer of full operational responsibility from the project team to the customer.

Gaining acceptance is not as simple or straightforward as it might appear at first because the customer may:

- ✓ Lack confidence in his or her ability to manage the product or service effectively without ongoing support.
- ✓ Doubt his or her ability to deliver the benefits from the product or service on which the business case was built, and there will no longer be anyone else with whom to share the blame.
- ✓ Be receiving adverse comments from end users who were never convinced of the merits of the project in the first place.
- ✓ Have come to realize in the course of the project that what they really want isn't the product or service that the project has delivered, and as long as no acceptance has been signed, it might be possible to improve the match.

So planning for project acceptance needs to start much earlier in the life of the project—ideally during project initiation.

## Harvesting the benefits

Regardless of whether the responsibility lies with the project manager or the project sponsor, the project will be successful only when the intended benefits are harvested. This means that the project team has a genuine interest in the product or service being managed in such a way that the full benefits are obtained.

Some benefits are easy to quantify and measure, such as sales and revenue from a new line of products. Others are easy to quantify, but less easy to measure, such as cost savings from an improved interdepartmental business process. Still more are difficult both to quantify and to measure, such as the benefits of company-wide education in risk management.

The project manager and sponsor need to ensure that three conditions exist before the project is finally put to bed:

- ✓ The criteria by which benefits of the product or service will be measured or assessed are clear.
- ✓ The points in time at which the measurement or assessment will be carried out are established.
- ✓ A named person has accepted responsibility for carrying out the measurement or assessment in the agreed way at the agreed points in time.

## Reviewing how it all went

Project success is a very elusive concept. A project that appears to have been successful from the point of view of one set of stakeholders might appear to have failed when seen from another viewpoint. A project that is completed on time and within budget might look splendid at the time of project closeout, but a year later, with the benefit of hindsight, it might appear to have been a big mistake. For this reason, it is important that the different groups of stakeholders all agree at the outset, precisely what will constitute "project success."

These same groups of stakeholders should then, as far as possible, be involved in reviewing at the close of the project the degree of success that was actually achieved. Because many of the benefits will not be harvested until after the project is complete, the post-implementation review is best carried out in two stages—a "lessons-learned" review while

members of the project team have the actual events of the project fresh in their minds, and a “post-implementation” review some months after the product has been in operation, when the benefits can be more accurately assessed.

The object of the lessons-learned review is to reflect on the events that took place in the course of the project and to consider what might have been done differently to improve the results obtained. The review may well be led by the project manager or the project sponsor, and will be attended by representatives from all significant parties that contributed to the project. The review is likely to be based on a comparison between the actual results and conduct of the project, and the project charter and project plan.

A frequently encountered problem is how to create the right climate for an honest review. Lessons learned are unlikely to be of real and lasting value if they are tainted by the need for participants to present what happened in a light that is favourable to themselves.

The results should be communicated to everyone who needs to know what happened. This group is likely to include the project sponsor, future project sponsors, members of the present project team (including suppliers and subcontractors), potential managers of similar future projects, and the person or group responsible for the conduct of projects throughout the organization. (See Figure 2.)

The post-implementation review has a somewhat different focus. Its purpose is to establish the extent to which the product of the project is delivering the anticipated benefits. The review is likely to be based on a comparison between actual operating benefits being harvested and those predicted in the business case for the project. The focus is on the product in operation and the impact on benefits of decisions made during the establishment and execution of the project.

Similar to the lessons-learned review, the results should be communicated widely to the appropriate audience.

### **Putting it all to bed**

Completing the documentation and archiving the project records are perhaps the most monotonous and least exciting parts of project closeout management, which is in itself hardly the most glamorous part of project management (although it is arguably one of the most important ones).

At least one telecommunications infrastructure company during the early 1990s was so far behind with updating the drawings of switch houses after upgrade projects that when engineers arrived to upgrade the system, they would find that there was no room for the upgrade because previous upgrades had already utilized all the available space, but the drawings had not yet been updated to reflect the true situation.

In addition to drawings and technical documentation, there are other project records to complete and archive, including financial records, personnel records, and essential records of meetings, reviews, contracts, and so on.

If the project has had the use of dedicated resources, such as offices or technology, then these need to be returned or passed on.

Anticipated benefits need to be included in business plans, and in the operating plans and budgets of all departments that are the beneficiaries of the product or service.

### **Ending relationships**

The seventh and final element of project closeout management is ending relationships, or disbanding the project team. As tasks come to an end, resources can be released in an orderly fashion. In the case of people who work for the same organization as the project

manager, they can return to their own line or functional department in order to take on other tasks. In the case of contractors and suppliers, it is important that contracts are closed to prevent unnecessary work being charged to the project after it has formally ended.

Two aspects of saying goodbye are important—celebrating and providing feedback. At some time when the memories of the project are still fresh in the minds of the project team, some form of celebration such as a party can help team members move on from the past to their future assignments with a sense of closure regarding the completed project. This is an important social dynamic.

The second aspect is equally important, and just as often ignored—people need to understand their own contribution to the project's results. Appraisals with each team member are the means by which a person's own perception of their contribution can be checked against that of the project manager. In an organization where much of the work is carried out in projects, this can be the only feedback available to the person's line or functional manager on which development plans and career opportunities can be assessed.

### Why Project Closeout Management Matters

The seven sets of activities listed above all relate to closing a single project. They are important to each and every project. But that is far from the whole story. Project team members will go on to work on other projects; project clients will initiate other projects on behalf of their businesses; new projects will be established; and suppliers and subcontractors will be employed on future projects.

When this broader perspective is considered, project closeout management becomes the springboard for a whole set of future value-creating activities in an organization, and is a pivotal activity in the context of organizational learning. (See Figure 2)

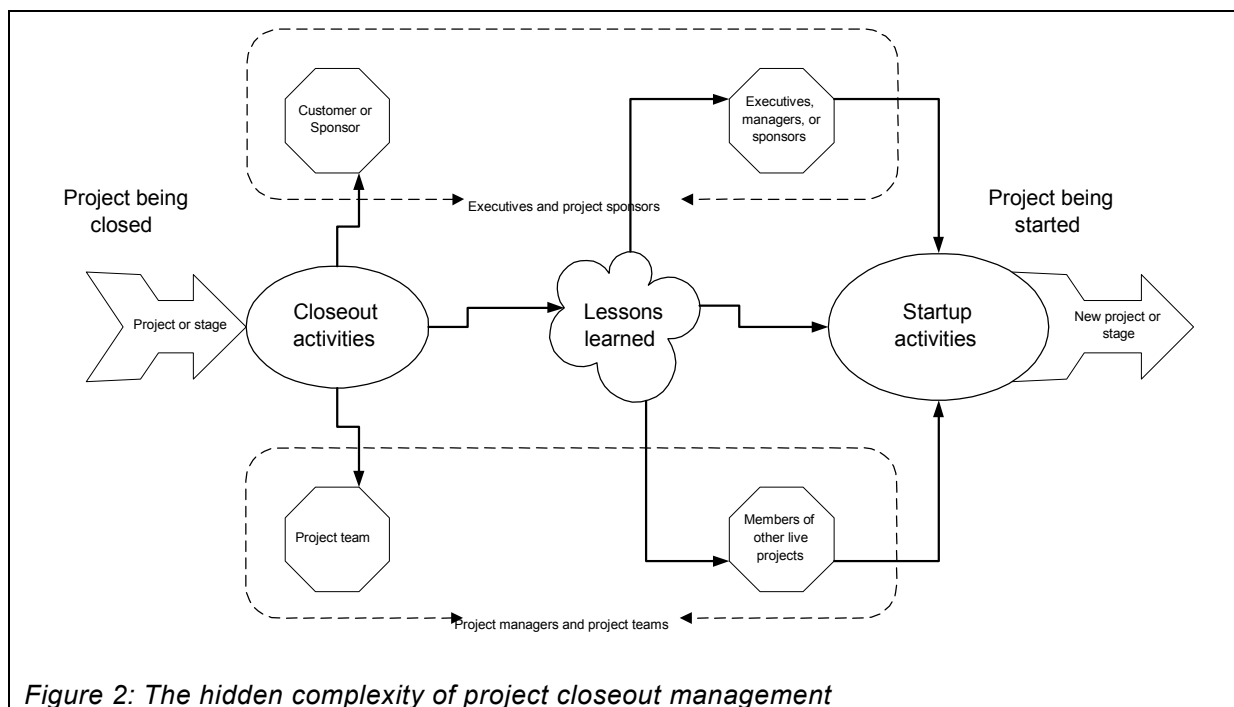


Figure 2: The hidden complexity of project closeout management

Project closeout management carried out well will give people the chance to learn lessons while they are still fresh in the memory and while the context is well understood.

Conversely, the lack of effective project closeout management can lead to the demotivation of team members, who can easily feel that their contribution was not valued, and that the organization has no interest in learning from their experience.

While survey after survey points to the high social and economic cost of project failures, project closeout management becomes the focal point for understanding the particular circumstances that led to success and/or failure on each specific project. Yet, in spite of this, project closeout management remains one of the least well executed of project management activities.<sup>3</sup>

How can this be? As a philosopher once said, “Those who cannot remember the past are condemned to repeat it.”<sup>4</sup> What prevents organizations from applying common sense in such an important area? The next section will examine possible answers to this question.

### **What prevents effective project closeout management?**

What actually happens all too often?

- ✓ Getting paid, or getting closure, drives all closeout actions. Unresolved issues and incomplete tasks that frustrate customers and users drag on while the project manager hopes they will eventually go away.
- ✓ Acceptance becomes acrimonious; with the project team doing the minimum they have to in order to get the signature, the acceptance certificate (or its equivalent) being signed grudgingly, and relationships are ultimately soured or severed.
- ✓ Companies feel that they don't have time to complete post-project reviews correctly. The project team is busy on the next urgent project, and there just never seems to be the time to fit the meeting into a crowded schedule.
- ✓ The task of completing project records is assigned such a low priority that drawings are never completely finished, archives are never closed off, and so on.
- ✓ Lessons learned may be noted, recorded, and even filed, but they aren't *learned*. Sometimes a politically correct story about the project gains acceptance in corporate folklore.

Why it should be this way becomes understandable when the following formidable array of barriers to effective project closeout management is considered:

- ✓ Completing records is a distraction. There are already too many “important” activities that obviously add value and clamour for attention.
- ✓ Closeout activities cost money, and in the final stages, it is easy to see that money can be saved simply by not doing them. If the project lost money or cost more than expected, why should good money be thrown after bad? If the project went well, there probably isn't much to be dealt with, anyway.
- ✓ There is a widespread myth that learning is a personal activity, and so the lessons to be learned from the project will be available to the organization informally through the experience of the project manager and project team members.
- ✓ While most project organizations pay lip service to the importance of project closeout management, there are rarely any tangible or emotional/psychological rewards given to people who pay particular attention to this aspect of project management. The folly of “asking for x while rewarding y” may be acknowledged, but instances of it abound.
- ✓ Effective project managers tend to be very task-oriented people with a strong commitment to the project, and a desire to deliver results. They tend to prefer to organize tasks for action rather than sitting in meetings reflecting on events that they can no longer influence. Preferring practice to theory, they tend to know what they have concluded from the last project and have now moved on, in their thinking, to their next challenge.<sup>5</sup>

- ✓ While many organizations acknowledge the importance of projects and their success, they frequently underestimate the extent of the difference necessary between thinking about on the one hand projects and on the other hand either operations (repetitive processes) or tasks (simple activities). As a result there is often insufficient attention paid to the unique difficulties of creating organizational learning in a project environment, where circumstances guarantee that every experience contains unique elements.

### **After-word: how to improve closeout management.**

The barriers listed above are, indeed, a formidable list – which is possibly why this is such a notoriously difficult area of practice to improve. However, there are three things that can be done to make progress possible:

- ✓ View project closeout as two different sets of activities: one connected with completing all the tasks and handing over the product or service, and the other to do with ensuring that both individuals and the sponsoring organisation have learned what there is to learn from the experience. This second set of activities (learning from experience) is what “knowledge management” (KM) is all about in a project setting. This second set of activities needn’t wait until the end of a project – it is possible to hold “after action reviews” at any stage during the project’s life.
- ✓ Recognise that “learning from experience” calls for the transfer of “knowledge” not of “information” – as such it requires real contact between real people, in an atmosphere of mutual interest and trust. Knowledge has a large tacit element and is applied selectively. In other words, when people possess high know-how, they are very careful to apply what they know only when it is appropriate to do so, and the greater the degree of mastery of the subject, the greater the finesse they display in applying their knowledge. This has major implications for how “KM” is implemented in a project context.
- ✓ Create an internal (and, if possible, external) community of practice – not in the sense of a “career family”, but as a group of individuals committed to discovering, sharing and creating professional knowledge that will ultimately improve project management processes, and hence project success in the organisation.<sup>6</sup>

None of these three items are simple – but there is a growing body of evidence<sup>3</sup> that project closeout management is one of the keys to the continuous improvement of project management practice – the highest level of maturity in Harold Kerzner’s project management maturity model.<sup>7</sup>

### **Notes**

- <sup>1</sup> The material in this paper is drawn largely from Chapter 12 of Joan Knutson’s “Project Management for Business Professionals: A Comprehensive Guide”, John Wiley and Sons, New York, 2001, which was written by Terry Cooke-Davies, and is reproduced with permission.
- <sup>2</sup> See, for example, such popular and widely-read books as Cleland, David I. and King, William R. 1988. *Project Management Handbook*, 2<sup>nd</sup> Edition, Wiley, New York or Kerzner, Harold. 1998. *Project Management. A systems approach to planning, scheduling and controlling*. 6<sup>th</sup> Edition. Van Nostrand Reinhold. New York
- <sup>3</sup> See Cooke-Davies, Terence, *Towards Improved Project Management Practice*, Ph.D. Thesis, Leeds Metropolitan University, 2000.
- <sup>4</sup> Widely attributed to George Santayana (1863 – 1952). For example [www.stanford.edu/~miballar/](http://www.stanford.edu/~miballar/) accessed on 7<sup>th</sup> April 2001.
- <sup>5</sup> This characteristic has been deduced from several studies, most notably Lynn Crawford’s comprehensive study of “The Developmental Competence of Project Managers”, kindly made available to the author by Dr. Crawford at a number of workshops organised by the author’s company.
- <sup>6</sup> For a more detailed discussion of the link between project management success, project success and corporate success, see the author’s paper, “The ‘real’ success factors on projects” elsewhere in these conference proceedings.
- <sup>7</sup> See Kerzner, Harold. 2000. *Applied Project Management*. Wiley. New York and Kerzner, Harold. 2001. *Strategic Planning for Project Management Using a Project Management Maturity Model*. Wiley. New York.