

# The Ultimate Guide to Project Closeout:

How to Simplify Handoff in 7 Steps



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## Introduction

Often the last thought in your mind when your project is running full speed ahead is project closeout. Your subcontractors are showing up, your rented equipment works and is where it should be and all is right in the world. As the days pass and your project draws to a close, you're ready to chalk this one up as a success and prepare for your next challenge. 77% of projects experience some form of schedule overrun, so a project that is on-pace to finish on time is a cause for celebration.

Not so fast.

The final days of a project have a huge impact on your overall profitability and success—as the saying goes, projects are remembered not by how they start but how they finish. If something goes wrong at the end, it could turn that "perfect" project into an absolute nightmare. It happens more frequently than any of us

like to admit; a jobsite or project that was chugging along admirably gets totally off track at the end. Suddenly, your subs are disappearing, change orders turn into actual claims and your client is freaking out about the trash and rental units left on their property.

A successful closeout is key to your financial success because it allows you to receive final payments. In fact, you typically won't be able to release final retainage without it—effectively putting as much as 10% of your contract at stake. And that 10% loss doesn't even factor in the costs associated with claims that can come from prolonged payment disputes.

What causes this last-minute derailment, and what can you do to prevent it?

It's all about the closeout process. If you simply wrap things up and hope for the best, you're practically begging for problems. Since you're at the end of the project, you may not even have the resources on hand to easily correct errors if you discover them after your workers have been released. The right construction closeout plan is essential to properly and efficiently close out a project, so you can hand it over to the client with confidence.



## Your Project Closeout Plan Will Make or Break Your Project

The way you approach the very end of a project can have long-lasting implications for your business; a poor closeout can even totally derail a project that has otherwise been running smoothly. All the work you did to engage with the client and build a relationship can be destroyed in this final phase. No matter how well the final stage looks, the job is not complete until all steps of the closeout have been completed and everyone goes home satisfied.

What makes this vital process so easy to mess up—or overlook entirely? Failing to consider the closeout process until you are in the final phases, not having a plan for turning the project over to the owner and failing to follow through could turn your dream project into a nightmare.

Delays are common at the last minute during the closeout process, simply because vital pieces of information are missing, papers need to be tracked down or unfinished change orders suddenly turn into actual claims. Any one of these issues can derail your progress and cause your project to run past the anticipated deadline.

With the right tools, the closeout process is surprisingly simple and you can be sure that everything is complete, that your customer is satisfied and that you are keeping the avenues clear for future projects and revenues. A look at some construction project closeout best practices and efficiency measures can help you make the most of this critical element.



## What Is Construction Closeout?

A construction project isn't like an old car; you can't just sign over the title, accept money and walk away. You need to address everything from the work performed by your subcontractors to the return of rented equipment and facilities and be sure that your site is truly ready for the end client to occupy.

Much of the problem with project closeout is that it involves detailed coordination, paperwork, tracking over so many processes and systems. However, by using field productivity software, you can capture data and intelligence in the field and more effectively streamline project closeout. Closeout does not have to be overwhelming or a nightmare to deal with; if you're still struggling with paper contracts, change orders and invoicing, some innovations in technology could be all you need to simplify your closeout process.





## Common Closeout Problems

An ideal closeout process is fast and straightforward because you already have all the data you need on hand, but some common problems can derail your progress. Simply failing to plan for this crucial project component can cause issues and push your completion date and final payment back further than you intended. Since everyone on the site is completely focused on sprinting to the finish line, closeout problems can lead to costly errors. Here are a few of the most common causes of closeout delays and problems:

### **Poor communication between the field and office**

Your designers, accountants and managers all need to play a role in the closeout process. If they don't have what they need or can't access information, then your closeout will be full of delays and frustration. The easier it is for your teams to collaborate, the better your closeout experience will be. Facilitate this communication using intuitive construction software designed to enhance collaboration and closeout will be a breeze.

### **Delayed change order resolution**

A change order that is misplaced, ignored or not completed correctly can easily turn into a claim, which will slow your closeout. Track change requests and make sure that work is complete well before this final stage to avoid not only delays but conflict as well. Conflicts, claims and disputes can slow your progress and eat up your profits; as soon as a change order becomes a claim, it becomes more difficult to resolve.<sup>1</sup>



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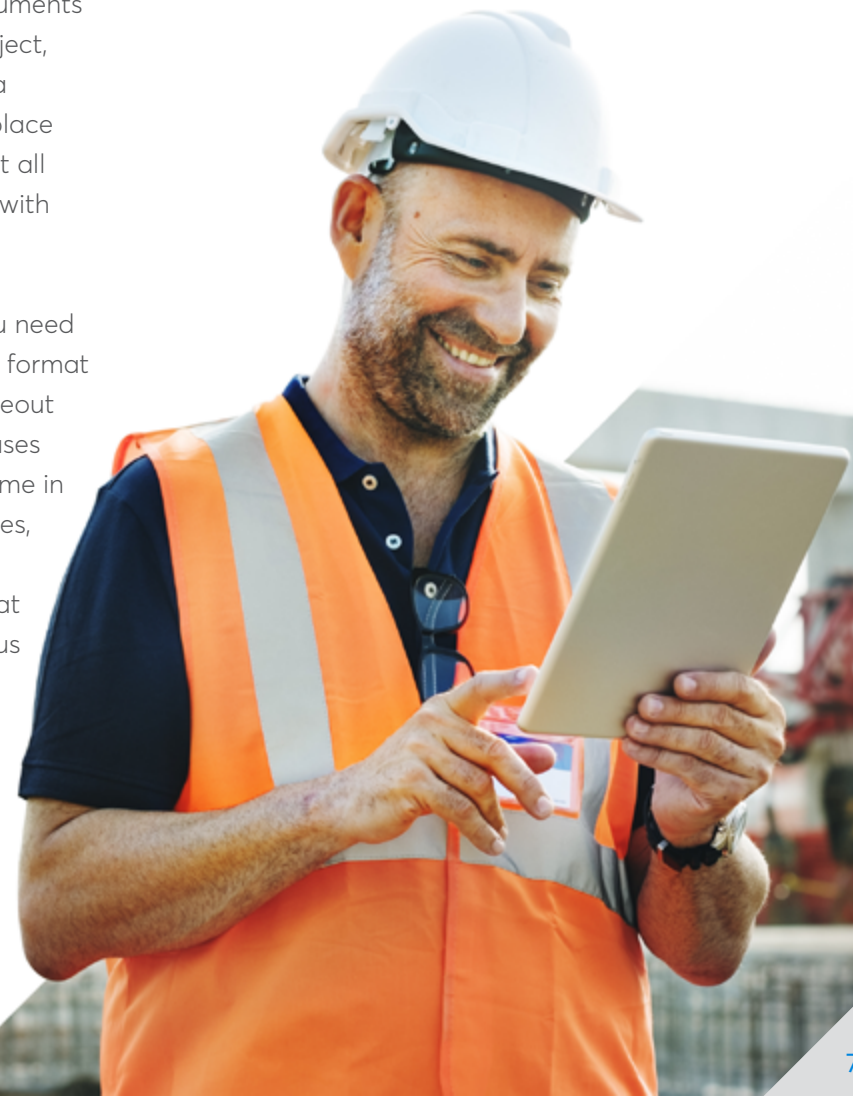
### The reverse bell curve

You've likely heard that projects typically require the maximum amounts of effort during startup and closeout of a project. However, most people leave out the most important part of this common piece of advice: you may not always have the resources you need for that extra push at the end. This odd phenomenon impacts projects of all types and sizes; you need to be aware that work performed at the end of the job may not be of the same quality as work performed on day one. Team members will demobilize from the site when they think they are done; notifying them in a timely manner of outstanding closeout tasks can help you avoid delays at the most critical part of the job.

### Lost information and paperwork

The closeout process includes so many individual pieces of information, such as emails and file distribution, that studies show up to 30% of initial data created during design and construction phases are lost by project closeout.<sup>2</sup> Those documents you had at the beginning of the project, three weeks ago? If you don't have a document management system in place that lets you know where they are at all times then they're long gone, along with the clipboard you had them on.

Any time the critical information you need is in an easy to lose, easy to destroy format like paper, you take on risk. Key closeout documents like warranties, lien releases and facilities training documents come in all different formats, at different times, all towards the end of the project. If you can't locate any of these items at closeout, you could be in for a serious headache when you should be celebrating a successful project.



## 7-Steps Project Closeout Plan

During this part of the construction project, all facets and components of the entire job need to be properly finished and signed off on before the team begins to disperse. The contractor or project manager needs to be sure that all parts of the project are truly complete and that the last components installed look as good as the first.

Implementing a comprehensive, step-by-step approach to project closeout and using technology to aid the process can boost efficiency and ensure you are handing over a completed work you are truly proud of. The right approach at this stage can also ward off problems and ensure the client ends up happy with the experience and final results.

### Step 1: Project Closeout

During this step, the project or site manager will confirm that all project requirements have been satisfied, all work has been completed and all promises have been kept. This is the time to review any change requests, view all work and go over your initial documentation to ensure that you have fulfilled your obligations to your client.

Software that tracks every package and part of the project can streamline this process considerably and shorten the amount of time you spend tracking down paper and employees on the job site.

You'll need to:

- Document that all work has been completed as outlined in the original contract or order; if something is missing, incomplete or not done correctly, document and take steps to correct.
- Review legal requirements and ensure that all terms have been met.
- Meet with any code or inspection authorities and obtain COE and other documentation.
- Review any change orders to ensure that these have been completed prior to client closeout.
- Review client notes to ensure that any requests have been attended to and that the site is truly ready to be handed over.





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### Step 2: Client Closeout

Client closeout is your chance to not only ensure that the client is satisfied with the deliverables but also to verify their acceptance and even solidify your relationship. If everything has been done correctly and you've completed the work, this part should be a positive experience for you both. In fact, it's a great opportunity to really improve client satisfaction by getting your closeout clean, organized and swiftly in the hands of the owner.

This is your last chance to impress your clients by listening to their feedback and addressing any concerns immediately before they become blown out of proportion or too far gone to fix. Now is the time for your construction productivity software to come into play, with issue tracking tools for owner requests and punch lists you can make sure your clients feel they are truly heard.

This part can be as formal as you'd like; in person interviews, a customer satisfaction survey and even follow up emails can yield valuable feedback from key stakeholders. This feedback allows you to not only serve this particular customer better but boost your performance for other clients as well.

### Step 3: Organizational Closeout

This step demobilizes your company, employees and equipment from the work site and project in a reasonable manner. Start by notifying any subs or other parties of the last date you'll be working on the site.

Release any borrowed or rented equipment as you close out the relevant portions of the project. Include an inventory and notes and take photos or video of any pieces you need to. Everything from big equipment to lavatory facilities and your construction trailers will need to be removed from the site; the job isn't done until all signs of your team's presence are gone.

Site cleaning, equipment warranties and documentation for any installed equipment needs to be relayed at this point as well.

Reconcile the budget, comparing the money you spent with the money you budgeted and paying outstanding invoices. Interfacing with the in-office accounting team is essential; the records won't be truly complete until Finance signs off. If you're already generating field reports and using construction software, this process will be considerably easier than tracking down paper daily reports.

Don't forget the "thanks": As a project manager, a quick note of thanks to your stakeholders and the teams that contributed to the process can help close out the project. Let key players know the project is ending, thank them for their contribution and let them know any results that are relevant to their concerns or departments. Facilitating communication in this way helps the in-office team work with the on-site team and can foster healthy working relationships.



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### Step 4: Subcontract Closeout

Any subcontracts for work performed on the site need to be properly closed out as well. Verify that all work has been completed and that it meets your quality standards. You'll also need to confirm that any change orders have been completed before you release your subcontracts. Track these changes with your construction software and you can pull up everything you need to know in an instant. Then, at closeout time, all you have to do is verify the information is correct instead of wasting time searching for missing records.

Once you verify the work was done, you can reconcile payment amounts and invoices and submit to your finance department as needed. You should also draft a note to each subcontractor thanking them for their contribution and providing any feedback you have for the job. This is also the time to take note of subcontractors you'd like to work with again and note any issues that should be addressed with individual subs or providers.

### Step 5: Risk Assessment

Are there any threats or concerns you need to think about at the end of the project? This step is deceptively minor; it doesn't take a lot of time, but if you uncover a risk, it can derail your progress entirely. Review the project to identify any risks or potential liabilities and to create a strategy to mitigate any problems or issues you identify. Legal risks, political issues, cash flow, worker training, transferring the deliverables and other risks should be carefully assessed to ensure the final handover is easy and efficient.

### Step 6: Write a Final Report

Officially closeout the project by creating a document that outlines each of the previous steps and provides insight into each part of the process. This memo can be used to demonstrate that all facets of the job are complete, list out any problems you identified and offer suggestions to improve performance in the future. This report can be presented to upper management and used to further improve your processes and performance.

### Step 7: Team Closeout

Your final walkthrough with the team that did the on-site work allows you to preserve any lessons learned from this specific project. It also helps bridge the communication gap between design team members, contractors and subcontractors.

This is the ideal chance to connect with and show your appreciation for those team members and managers who made the project work; this step not only shows your thanks but makes these key performers eager to work with you in the future. Celebrate a job well done with a wrap-up party or other gathering; for the cost of a few pizzas and beers, you can ensure that your team feels appreciated and that interest in your next project will be high.



# Ultimate Project Closeout Checklist

Considering the closeout process well before the last day of your project ensures that everything runs smoothly and that you wrap things up in a positive way. Your closeout will impact your client, your team and even your future possibilities, so it is well worth taking the time to do it correctly.

Want to get it right? PlanGrid takes the pain out of the closeout process by ensuring that the documentation you need is always right at your fingertips. While your contract is the final source for any specific closeout items your client requires, we compiled a list of some of the key close-out requirements that can help you successfully closeout your project, but make sure to check the contract for any specific items that may not be listed here:

- ☐ Punch list completion
- ☐ Complete as-builts
- ☐ Change order completion
- ☐ Attic-stock materials handover
- ☐ LEED documentation/submission
- ☐ FFE installation
- ☐ Building system testing
- ☐ Removal of temporary equipment and facilities
- ☐ Final inspection and occupancy
- ☐ Final cleaning interior
- ☐ Final cleaning exterior
- ☐ Trash removal
- ☐ Relay warranty, manual and training materials
- ☐ Fulfill any training requirements
- ☐ Create customer package with manuals, maintenance and other details
- ☐ Reconcile financials
- ☐ Walk through with owner for final approval
- ☐ Change over utilities as needed
- ☐ Risk assessment walkthrough
- ☐ Subcontractor review and release
- ☐ Team review and release
- ☐ Follow up documents for future projects
- ☐ Thank yous and letters of appreciation
- ☐ Celebration for workers and those involved with the project





## Conclusion

The right construction closeout plan is essential for closing out a project properly and efficiently, so you can hand it over to the client with confidence. The way you approach the very end of a project can have long-lasting implications for your business; a poor closeout can even totally derail a project that has otherwise been running smoothly.

However, with the right tools, the closeout process is surprisingly simple and you can be sure that everything is complete, that your customer is satisfied and that you are keeping the avenues clear for future projects and revenues.

Construction productivity software and other tools that allow you to collect field data throughout the lifecycle of the project not only help you to be more efficient, they also help to make project closeout a snap. By using construction productivity software and following our 7-step project closeout plan, you can complete project closeout effortlessly and hand over your next project to a client with complete confidence.

## See a Live Demo

or give us a call at +1 (415) 429-1227

PlanGrid construction productivity software is the easiest and most cost-effective way to get substantial return on your investment in construction mobile apps. By using PlanGrid you will:

- **Complete projects faster:** 90% of project costs occur in the field not the office and most can be attributed to time waste or delays. With PlanGrid, you can reduce wasteful trips to the trailer and time delays while eliminating costly rework with faster collaboration and communication.
- **Reduce costs:** PlanGrid allows you to optimize productivity in the field, which eliminates time waste that causes project overruns. By completing projects early or on time with PlanGrid, contractors will benefit from reduced costs.
- **Win more bids:** The best way to bid more competitively is not just to track costs so you can provide more accurate estimates—it's to improve your overall productivity. PlanGrid's construction productivity software will allow you to increase productivity so you can reduce costs and win more bids.



### Try PlanGrid for Free

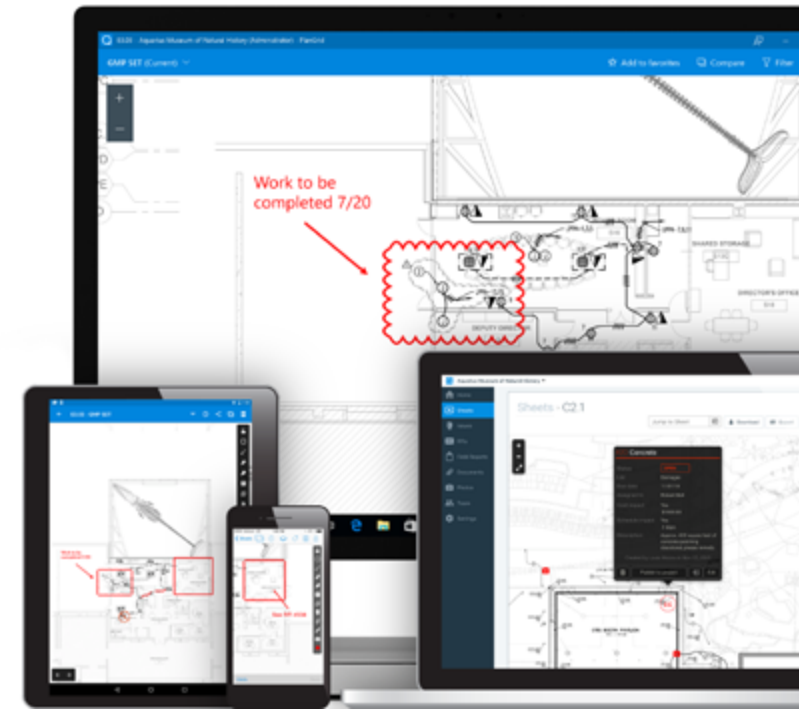


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There is a reason why PlanGrid is not only the #1 construction app, but also the highest rated. With PlanGrid construction productivity software, you can streamline document management, access all project information from any device, and seamlessly collaborate within teams.





Used on more than 500,000 projects around the world, PlanGrid is the first construction productivity software that allows contractors and owners in commercial, heavy civil, and other industries to collaborate, collect, and share project information from any desktop or mobile device through the entire project lifecycle.

PlanGrid increases project efficiency by streamlining document management, providing construction teams with easy access to all project information from any device, and enabling seamless collaboration within teams.

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